



Report and Recommendation of the President to the Board of Directors

Project Number: 38015
September 2008

Proposed Grant to the Lao People's Democratic
Republic and Loan to the Socialist Republic of Viet
Nam: Greater Mekong Subregion Sustainable
Tourism Development Project

CURRENCY EQUIVALENTS

(as of 15 September 2008)

Lao People's Democratic Republic

Currency Unit	–	kip (KN)
KN1.00	=	\$0.0001153137
\$1.00	=	KN8,672

Viet Nam

Currency Unit	–	dong (D)
D1.00	=	\$0.0000602773
\$1.00	=	D16,590

ABBREVIATIONS

ADB	–	Asian Development Bank
ASEAN	–	Association of Southeast Asian Nations
CBT	–	community-based tourism
CPS	–	country partnership strategy
CTG	–	community tourism group
EA	–	executing agency
EARF	–	environmental assessment and review framework
EIRR	–	economic internal rate of return
EGMDF	–	ethnic groups and minorities development framework
EMP	–	environmental management plan
EWEC	–	east–west economic corridor
GDP	–	gross domestic product
GMS	–	Greater Mekong Subregion
HRD	–	human resource development
IEE	–	initial environmental examination
Lao PDR	–	Lao People's Democratic Republic
LAR	–	land acquisition and resettlement
LNTA	–	Lao National Tourism Administration
MCST	–	Ministry of Culture, Sports, and Tourism
MDG	–	Millennium Development Goal
MOF	–	Ministry of Finance
MPI	–	Ministry of Planning and Investment
MTCO	–	Mekong Tourism Coordinating Office
MTDP	–	Mekong Tourism Development Project
NCB	–	national competitive bidding
NGPES	–	National Growth and Poverty Eradication Strategy
NPSC	–	national project steering committee
NSEC	–	north–south economic corridor
NTO	–	national tourism organization
O&M	–	operation and maintenance

PCU	–	project coordination unit
PIU	–	project implementation unit
PPMS	–	project performance monitoring system
PPSC	–	provincial project steering committee
SEDP	–	socioeconomic development plan
SMEs	–	small and medium-sized enterprises
SPSC	–	subregional project steering committee
STDP	–	Sustainable Tourism Development Project
TA	–	technical assistance
TSS	–	tourism sector strategy
TWG	–	Tourism Working Group
UNESCO	–	United Nations Educational, Scientific, and Cultural Organization

NOTE

In this report, "\$" refers to US dollars

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LOAN, GRANT, AND PROJECT SUMMARY

Borrower and Recipient	The Borrower of the loan will be the Socialist Republic of Viet Nam (Viet Nam) and the Recipient of the grant will be the Lao People's Democratic Republic (Lao PDR)
Classification	Targeting classification: Targeted intervention (TI-G) Sector: Industry and trade Subsector: Industry Themes: Sustainable economic growth, environmental sustainability, regional cooperation Subthemes: Developing rural areas, natural resources conservation, regional public goods
Environment Assessment	Category B. The Sustainable Tourism Development Project (the Project) will not have significant adverse environmental effects. Initial environmental examinations were prepared for (i) each of the subprojects identified under component 1 for each country and (ii) likely interventions to be identified under components 2 and 3. Environmental assessment and review frameworks were prepared for each country.
Project Description	The Project will support the development of tourism in the Greater Mekong Subregion (GMS) that is economically viable and environmentally and socially sustainable and that benefits the poor. It will develop demonstration subprojects in the Lao PDR and Viet Nam that improve the environment at urban and natural tourism sites, benefit ethnic groups/minorities and the poor, and protect vulnerable people from potential negative impacts. The Project will contribute to transforming GMS transport corridors into economic corridors by developing tourism opportunities along the roads and improving the human resource capacity of tourism small and medium-sized enterprises (SMEs) and public sector tourism organizations. It will contribute to more inclusive growth, environmental sustainability, and regional cooperation in the GMS. The Project will include the construction of handicraft markets, viewing points, small access roads, walking trails, tourism signage, information and visitor centers, parking areas, small river piers, community lodges, and protective and sanitary facilities. It will formulate plans for tourism site development and management, provide training for local communities and private tourism operators, develop marketing strategies and products, and compose subregional tourism manuals. The Project will seek to strengthen and encourage fair partnerships among local governments and communities and the private sector in developing, operating, and maintaining community tourism facilities and services.

Rationale

Tourism is an important sector in the GMS whose contribution to the subregional economy has increased significantly in the past decade, creating new opportunities for economic growth and poverty reduction. However, unmanaged and rapid tourism growth has resulted in a pattern of tourism that concentrates on a few destinations; threatens natural, cultural, and urban heritage; and contributes to undesirable social impacts. New opportunities provided by the development of transportation corridors are not being utilized, and the capacity of tourism SMEs to service tourist needs, and of the public sector to sustainably manage growth, are weak. As a result, the contribution of tourism to poverty reduction and sustainable, inclusive development in the GMS is limited. Unless addressed, these issues threaten the long-term sustainability of the sector and its ability to contribute to subregional development.

The GMS Tourism Sector Strategy (GMS-TSS) 2006–2015, prepared by the GMS Tourism Working Group, indicates the urgent need to design effective approaches to the sustainable use and development of natural, cultural, and urban tourism assets; spread the benefits of tourism more widely, especially to the poor; tap the tourism potential of the GMS transport corridors; and build the capacities of private tourism SMEs and public officials. If well managed, tourism can be a powerful tool to preserve and enhance natural and cultural heritage and provide additional sources of livelihood in the remote rural areas of the GMS where most of the poor live.

Impact and Outcome

The impacts of the proposed Project will be the development of a sustainable, culturally and environmentally sound, pro-poor approach to tourism in the GMS and the preservation of natural and cultural heritage. It will contribute to the implementation of the GMS-TSS. The project outcome will be sustainable tourism development that creates livelihood opportunities for the poor.

Project Investment Plan

The total cost of the Project is estimated at \$21.98 million equivalent. The cost for the Lao PDR component is \$10.87 million, including taxes and duties of \$598,000. The cost for the Viet Nam component is \$11.11 million equivalent, including taxes and duties of \$589,000.

Financing Plan

It is proposed that the Asian Development Bank (ADB) provide a loan of SDR6,479,000 (\$10 million equivalent) from Special Funds resources to the Socialist Republic of Viet Nam, with a term of 32 years, including a grace period of 8 years, and with an interest charge of 1.0% per annum during the grace period and 1.5% per annum thereafter. The Government of Viet Nam will provide \$1.11 million equivalent as counterpart funds. It is also proposed that ADB provide a grant of \$10 million from Special Funds resources to the Lao PDR, the Government of which will provide \$870,000 equivalent as counterpart funds.

Source	Total (\$ million)	%
A. Lao People's Democratic Republic		
Asian Development Bank	10.00	92.00
Government	0.87	8.00
Subtotal (A)	10.87	100.00
B. Viet Nam		
Asian Development Bank	10.00	90.00
Government	1.11	10.00
Subtotal (B)	11.11	100.00
C. Project Total		
Asian Development Bank	20.00	90.99
Governments	1.98	9.01
Total	21.98	100.00

Source: Asian Development Bank estimates.

Period of Utilization
Estimated Project
Completion Date

From 1 January 2009 to 30 June 2014
 31 December 2013

Executing Agencies

The Lao National Tourism Administration in the Lao PDR and the Ministry of Culture, Sports, and Tourism in Viet Nam.

Implementation
Arrangements

A subregional project steering committee (SPSC), with representatives of the executing agencies and observers from the national tourism organizations of the other GMS countries will be established. The Mekong Tourism Coordinating Office will act as the secretariat of SPSC. A national project steering committee will be established in each participating country to provide policy guidance and oversee project implementation nationally. Each executing agency has established a project coordination unit with a project director, a deputy director, and other professional staff. Project implementation units have been established in the provincial departments of tourism of each participating province to undertake the day-to-day implementation of the Project. Provincial steering committees and community tourism groups representing stakeholders of the local community will be established.

Procurement

Works, goods, and services to be financed by ADB will be procured in accordance with ADB's *Procurement Guidelines* (2007, as amended from time to time). Each of the procurement packages for works will not exceed \$1.5 million. Procurement for works will follow national competitive bidding procedures in each of the participating countries that are acceptable to ADB. National competitive bidding procedures in each of the participating countries will be used for procuring material and equipment packages estimated to cost between \$100,000 and \$500,000 equivalent. Equipment and materials that are locally available and cost less than \$100,000 equivalent may be procured through shopping. Any procurement of works, goods, or services of not more than \$10,000 will be done through direct contracting.

Consulting Services

A total of 250.5 person-months of consulting services will be required for the Lao PDR component, and 226.5 person-months for the Viet Nam component, to assist in project management, resettlement, gender and environment matters, and supervising the design and construction of tourism infrastructure. The consultants will be engaged in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). In the Lao PDR, services will be provided by individual consultants and a firm. In Viet Nam the services will be provided by two firms. The firms will be selected by quality- and cost-based selection. Two training institutions will be recruited to provide training under output 4 using Consultants Qualification Selection. Individual consultants will be recruited for external monitoring of resettlement impacts and project external monitoring.

Project Benefits and Beneficiaries

Improved tourism infrastructure will benefit local residents and tourists. The Project will benefit 60,000 people directly and 300,000 indirectly. An estimated 44% of all beneficiaries in the Lao PDR, and 30% in Viet Nam, are poor. The capacity of trainers of tourism SME staff, and of public officials in pro-poor tourism planning and management, will be enhanced. About 180 master trainers, 400 trainers, and 800 government officials working in tourism-related institutions will be trained, of which 40% will be women and 30% will be from participating provinces or districts with a high percentage of ethnic minority residents. Human resource development will improve the quality of service and the competitiveness of the sector and provide new employment opportunities and higher salaries to trainers and employees. Properly planned community-based and value-chain tourism development initiatives will benefit the poor while protecting ethnic minority cultures and mitigating the potentially adverse impacts of tourism, especially on vulnerable groups such as women, youths, and the elderly. Local communities will be provided with alternative means of livelihood to supplement their income, which will help to protect the biodiversity of the natural sites. Improved

urban environmental infrastructure will reduce pollution and its associated diseases.

Risks and Assumptions

Market Risks. Project benefits depend on the number of tourists visiting the sites, which could decline due to internal or external market risks. To mitigate the risks, (i) tourism demand analyses and projections were prepared using conservative assumptions; (ii) each agency in charge of the facilities will prepare a business plan focused on risk management, especially market demand; and (iii) marketing and promotion activities for each subproject will help underpin the meeting of demand targets.

Project Implementation Risks. These include implementation delays and cost overruns that can result from weak planning, management, administration capabilities, or procedures. These risks have been mitigated through the development of clear procedures and the provision of technical support and training to the implementing agencies. The risk of cost overruns has been mitigated through careful and detailed cost estimation.

Social and Environmental Risks. Uncontrolled tourism development can cause congestion, increased pollution, and the deterioration of destinations. Over-commercialization of cultural traditions may degrade cultural heritage and the cultural identity of ethnic groups/minorities. To minimize these risks, tourism planning and management plans for each of the subprojects will be prepared and carefully monitored. Environmental analysis and management plans have been prepared to mitigate any potential environmental impacts.



I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on (i) a proposed grant to the Lao People's Democratic Republic (Lao PDR) and (ii) a proposed loan to the Socialist Republic of Viet Nam for the Greater Mekong Subregion (GMS) Sustainable Tourism Development Project (the Project).

II. RATIONALE: SECTOR PERFORMANCE, PROBLEMS, AND OPPORTUNITIES

2. Following the request of the GMS Tourism Working Group, the Asian Development Bank (ADB) approved technical assistance (TA)¹ to prepare the Project. The TA built on a previous ADB-supported study² used to prepare the GMS Tourism Sector Strategy (GMS-TSS) and the lessons from the ongoing GMS Mekong Tourism Development Project (MTDP).³ The Project covers two countries in the GMS, the Lao PDR and Viet Nam, which requested support from ADB. The design and monitoring framework is in Appendix 1.

A. Performance Indicators and Analysis

3. Tourism is one of the most dynamic sectors of the world economy, with rapid growth fueled by developing countries in Asia, especially the People's Republic of China (PRC) and India, and in the Middle East. The World Travel and Tourism Council estimates that total global tourism demand in 2007 reached \$7 trillion, accounted for around 10% of global gross domestic product (GDP), and employed 240 million people.⁴ International tourist arrivals exceeded 880 million, with total receipts estimated at \$700 billion.⁵ The United Nations World Tourism Organization forecasts that by 2020 international tourism arrivals will reach 1.6 billion and generate \$2 trillion in gross receipts. The Asia and Pacific region is second only to Europe as a tourist destination and, by 2020, is expected to account for 25% of global arrivals, receipts, and employment.

4. In 2007, the GMS countries and areas⁶ received 25.6 million international tourist arrivals generating receipts estimated at \$18.85 billion and employing 3.74 million people. Over the 1995–2007 period, international tourist arrivals to the GMS increased by an annual average rate of 8.12%—more than twice the world average. Its share of world tourism increased over this period from 2.2% to 2.9%, and its share of Asia and Pacific region tourism rose from 11% to 14%. Total international arrivals to the subregion are projected to grow by almost 13% per annum to 53 million by 2015 (or 4% of global tourism). The average length of stay increased from 6.5 days in 1995 to 7.6 days in 2007. However, the average daily expenditure per tourist (including expenditure on air fares accruing to national carriers and visa fees paid offshore) fell from \$134 to \$94 because the number of tourists from within Asia, particularly the PRC and Thailand, increased more quickly than that of other regions of the world, and Asian travelers require less air transportation and generally spend less than travelers from outside Asia. Rapid tourism growth is stimulating unprecedented demand for the development of destinations;

¹ ADB. 2005. *Technical Assistance to the Greater Mekong Subregion: Preparing the Sustainable Tourism Development Project*. Manila (TA 6279-REG, for \$900,000, approved on 2 December).

² ADB. 2004. *Technical Assistance to the Greater Mekong Subregion for the Tourism Sector Strategy Study*. Manila (TA 6179-REG, for \$800,000, approved on 16 July).

³ ADB. 2002. *Report and Recommendation of the President to the Board of Directors on Proposed Loans to Kingdom of Cambodia, Lao People's Democratic Republic, and Socialist Republic of Viet Nam for the Greater Mekong Subregion: Mekong Tourism Development Project*. Manila (Loans 1969-CAM/1970-LAO/1971-VIE for \$47,100,000, approved on 12 December).

⁴ Total global tourism demand as defined by the World Travel and Tourism Council includes demand for inbound international travel by nationals of other countries, outbound international travel by country nationals and residents, and travel within a country by its residents.

⁵ United Nations World Tourism Organization. 2007. *Tourism Highlights*. Madrid.

⁶ Figures for the PRC include only Yunnan Province and Guangxi Autonomous Region.

investment in new hotels and equipment; and demand for transportation, restaurants, and other services.

5. International tourism arrivals in the Lao PDR grew from 463,200 in 1997 to 1.63 million in 2007, with the average length of stay estimated at 7 days and the average daily expenditure at \$53. About 60% of tourists enter the Lao PDR by land, through 15 international border checkpoints, particularly over the Friendship Bridge connecting Thailand and the Lao PDR. The remainder enter through the international airports at Vientiane, Luang Prabang, and Pakse. The Lao National Tourism Administration (LNTA) estimates that in 2007 tourism generated \$233 million in receipts, accounting for about 7.5% of GDP. The sector employs 32,000 people directly and 400,000 indirectly. By 2015, LNTA aims to achieve 3.57 million international arrivals, who will spend a total of \$389 million and stay an average of 8 days. The Lao tourism product is associated with nature, Buddhism, and ethnic culture. The most popular destination is the United Nations Educational, Scientific, and Cultural Organization (UNESCO) World Heritage Site of Luang Prabang. Other important sites include Wat Pho in Champassak Province, the Plain of Jars in Xieng Khouang Province, Vang Vieng on the Nam Song River, Kong Island on the Mekong River near the Cambodian border, and the capital city of Vientiane. Special interest and activity tours such as river cruises, biking tours, trekking, and weaving tours are becoming increasingly popular.

6. International arrivals in Viet Nam grew from 1.71 to 4.17 million between 1997 and 2007, with the average length of stay at 8 days and average daily expenditure at \$96. The Ministry of Culture, Sports and Tourism (MCST) estimates that tourism generated \$3 billion in receipts in 2007, accounting for 3.5% of GDP. Direct employment in tourism is estimated at 1 million jobs. For 2010, MCST targets 6 million international arrivals spending a total of \$4.5 billion, employing 1.4 million people, and contributing 6.5% of GDP. Viet Nam's tourism product leverages its unique cultural and natural heritage and its diverse ethnic cultures. Viet Nam has two UNESCO World Natural Heritage Sites, at Halong Bay and Phong Nga Ke Bang National Park, and three UNESCO World Cultural Heritage Sites: Hue Imperial City, Hoi An, and My Son. Other important sites are the Mekong Delta, the protected areas of the Anamite Mountain Range, historic war sites, beaches, and the urban French heritage architectural.

B. Analysis of Key Problems and Opportunities

7. Despite the rapid increase in international tourism arrivals to the GMS and tourism's contribution to the subregional economy, the benefits of tourism are concentrated on only a few destinations and generally do not reach the poor.⁷ The capacity of governments and the tourism industry to protect their environmental and cultural heritage from potential damage caused by this rapid growth are weak, posing significant risks for the sustainability of the sector. The key challenge for the GMS is to manage this rapid growth to ensure that tourists are offered a diversity of high-quality products that benefit the poor and contribute to the preservation of the environment and the rich cultural heritage of the subregion. Public sector intervention in tourism is required to (i) minimize infrastructure constraints and bottlenecks that hamper tourism development, (ii) regulate and monitor the use of public tourism assets by private operators to mitigate negative externalities, and (iii) expand opportunities for the poor to benefit from tourism. GMS governments need to establish partnerships with the private sector and local communities to develop models for a new subregional pattern of tourism development that (i) improves the sustainability of natural and cultural assets and urban areas for tourism, (ii) creates new tourism products that benefit the poor, (iii) taps the opportunities offered by the recently completed GMS

⁷ A significant percentage of high-spending tourists visiting Lao PDR only spend a 2–3 days in the country and visit only Luang Prabang, and most do not even venture outside the town. Many of the new businesses established in the town are owned by foreigners, and most of their employees come from outside the province. This situation is repeated in other countries across the subregion.

transport corridors to promote subregional tourist circuits that can attract new tourists and help to increase the length of stay and expenditures, and (iv) enhances human resource capacity in tourism SMEs and among public sector officials to improve the competitiveness and quality of service.

8. **Tourism and Natural Heritage Conservation.** The long-term sustainability of GMS tourism development depends on the preservation of its natural heritage. The rapid increase in the number of visitors, combined with inadequate planning and management at many GMS natural parks, protected areas, and wetlands—such as Phong Nha Ke Bang National Park and Halong Bay in Viet Nam, or Siphandone in the Lao PDR—has increased pollution from unregulated activities, risking the environmental and economic sustainability of the destinations. Poor local communities living at the sites but not benefiting from tourism depend upon natural resources for their survival. To address these problems, it is necessary to develop effective models for sustainable tourism in natural heritage sites that conform to sustainable practices and standards by (i) improving water quality by efficiently treating sewage and reducing and managing solid wastes; (ii) developing and using local supply chains to reduce the impacts of transportation; and (iii) involving local communities in managing the sites and allowing them to benefit from tourism as an alternative source of income. The improved management of natural tourist sites can benefit both the environment and local economic development. Tourism can significantly contribute to environmental protection, the conservation and restoration of biological diversity, and the sustainable use of natural resources. Revenue from park entrance fees can be allocated to pay for protecting and managing the sites, as is done with a portion of receipts at Phong Nga Ke Bang National Park in central Viet Nam. However, this practice is applied only at some UNESCO sites, and the approach can be extended to cover all natural and cultural sites of importance to tourism.

9. **Unsustainable Urban Tourism.** Uncontrolled tourism development in the GMS harms the environment of such tourism urban centers as Vang Vieng and Luang Prabang in the Lao PDR and Hue City in Viet Nam, causing unsanitary and unsafe conditions for local populations and tourists that threaten to undermine the sustainability of the sector. Insufficient planning, limited public sector investment, lack of experience in managing cost-recovery schemes, and weak institutional and regulatory frameworks have resulted in the pollution of urban rivers, coasts, and groundwater sources; increased flooding; and streets full of rubbish. The environment of urban tourism centers needs to be sustainably managed to ensure visitor satisfaction and health, and mechanisms must be established for the tourists to contribute financially to the maintenance of urban infrastructure. To address this problem, it is necessary to develop models that demonstrate how to plan, finance, operate, and maintain environmental infrastructure in urban tourism areas and to collect financial contributions from the tourists.

10. **Risks to Ethnic Groups/Minorities.** Ethnic groups/minorities often face constraints that prevent them from seizing the opportunities brought about by tourism growth, such as remoteness, limited mobility, and market access, low education levels, lack of familiarity with the national language and the languages spoken by tourists, and limited capacity to negotiate equitable partnership arrangements with the private sector. Unmanaged tourism is damaging the cultures, traditions, and norms of GMS ethnic groups/minorities. Women from small ethnic groups face additional risks and increased demands on their time from tourism development, increasing the risk, for example, of girls dropping out of school. Efforts to conserve and share ethnic culture with tourists and younger generations carry the risk of branding minorities as exotic or backward. Tourism development provides a number of direct and indirect opportunities to ethnic minority groups for (i) increased income, (ii) locally led planning and development, (iii) revitalized cultural practices, (iv) better transport and communication, and (v) better communication with authorities. Developing models to spread tourism benefits to ethnic

groups/minorities in the GMS while protecting them from risks is fundamental to promoting inclusive development in the subregion.

11. **Tourism Not Benefiting the Poor.** The benefits of tourism bypass most of the poor in the GMS. A study prepared by the Overseas Development Institute and the Netherlands Development Organization in 2005 showed that only 27% of the tourist expenditure in Luang Prabang accrued to unskilled and semi-skilled people. Another study showed that in 2006 only 10% of the \$3.12 million spent by tourists in Kratie, Cambodia, went to people from a poor or near poor background. Siem Reap is both the main tourist center and the second poorest province in Cambodia. Public officials lack models or experience in developing pro-poor tourism plans and initiatives in partnership with the tourism industry. Weak capacity, difficult access to capital, low awareness of available opportunities, and cultural barriers to poor local communities' dealing with tourists have been key constraints to developing and implementing tourism services and products that benefit the poor. Models of tourism development are required that involve poor local communities in the provision of handicrafts, food, transportation, accommodation, and guiding services. These models would include the development of community-based tourism products in areas where the poor live that are attractive for tourists and the establishment of supply chains that increase the contribution of tourism to the local economy. Tourism has significant potential to reduce poverty because it is labor intensive and uses natural and cultural assets owned by the poor. Tourism can empower the poor to improve their lives by providing opportunities and building capacity for (i) employment, (ii) establishing SMEs, and (iii) investments where they live.

12. **Tourism Opportunities along Transportation Corridors Untapped.** The GMS transportation corridors and the implementation of cross-border transportation arrangements are expected to facilitate and increase the flow of tourists within the GMS. However, limited planning and financing, the lack of infrastructure, and the absence of subregional cooperation models to develop multi-country tourism circuits along transport corridors have prevented the local communities living along them from tapping new tourism-related opportunities. Significant potential exists for transforming transport corridors into economic corridors through tourism. Developing tourist attractions along the corridors—such as constructing markets to sell locally produced handicrafts and food to tourists and installing scenic viewpoints and visitor information centers—will encourage tourists to spend more time and money in these communities. Planning and marketing subregional tourist circuits along the newly developed transport corridors that connect historical sites, natural areas, beaches, towns, and other tourist attractions can make individual destinations more attractive to visitors and increase tourism benefits. Models and plans to develop sustainable tourism projects need to be developed that bring economic opportunities to local communities, particularly the poor, and help them to manage vulnerabilities and risks such as HIV/AIDS⁸ and human trafficking.

13. **Weak Tourism Human Resources.** In the GMS tourism industry, the quality of services, especially those provided by tourism SMEs, is generally poor. Hygiene standards are low. Many vocational training institutions in the GMS do not have appropriate curriculums and lack qualified trainers to support vocational training for tourism SMEs. Most officials in provincial and district tourism offices lack the knowledge necessary to undertake basic tourism planning, marketing, or regulatory and monitoring functions, or to mainstream poverty reduction in their plans. Managers of heritage sites lack the competencies required to manage them sustainably. Educational institutions lack the trainers and training programs required to strengthen capacity in these areas. Particularly limited is training on pro-poor tourism planning and management that is environmentally sustainable, culturally sensitive, and gender inclusive. Unless effectively addressed, this problem threatens the competitiveness and sustainability of the tourism sector.

⁸ human immunodeficiency virus/acquired immune deficiency syndrome.

14. **The GMS Program.** The Strategic Framework of the GMS Economic Cooperation Program (2002–2012) focuses on (i) enhancing connectivity, (ii) increasing competitiveness, and (iii) generating a greater sense of community among GMS countries. It is implemented through 11 flagship programs, of which tourism is one. Tourism is a priority under the Vientiane Plan of Action for GMS Development (2008–2012) endorsed by GMS leaders on 31 March 2008. The program has succeeded in improving physical connectivity by developing transport corridors, but benefits have not yet accrued to the poor. Urgent interventions are required to tap the opportunities and minimize the risks created by these new corridors. The Project will contribute to the vision of the GMS program by (i) developing tourism circuits along transport corridors to tap opportunities to reduce poverty along them and increase connectivity among the peoples of the GMS, (ii) enhancing human resources to increase the competitiveness of the GMS tourism industry, and (iii) developing model tourism projects that contribute to protecting the cultural heritage and environment of the subregion, distributing benefits to the poor, and generating a greater sense of community.

15. **GMS Tourism Cooperation.** The GMS tourism cooperation program started in 1993 with the establishment of the Tourism Working Group (TWG), comprising senior representatives of the national tourism organizations (NTOs) of each GMS country. During its first decade, subregional cooperative initiatives in tourism focused on marketing the GMS as a single destination, developing tourism-related infrastructure, improving the quality of human resources, promoting dialogue between the private and public sectors, and facilitating the movement of tourists to and within the subregion. In 2005, TWG launched the GMS-TSS (2006–2015), which provides an effective framework for developing a pattern of tourism that is environmentally and socially sustainable, distributes the benefits of tourism more widely, and benefits the poor. The strategy is being implemented through seven strategic programs that (i) foster the development of multi-country tourism in the GMS with common branding of culture, nature, and adventure attractions;⁹ (ii) provide for joint planning and development of tourism infrastructure; (iii) promote upgrading the skills of tourism officials, trainers, and workers; (iv) enhance the standards of managing natural and cultural resources; (v) help reduce the incidence of poverty and raise rural incomes; (vi) encourage private sector participation; and (vii) identify and mitigate impediments to travel to and within the GMS. The GMS-TSS recommends the preparation and implementation of demonstration projects in these areas. To support the implementation of the strategy, TWG established the Mekong Tourism Coordinating Office (MTCO) in Bangkok in 2006, which is financed by contributions from TWG members. MTCO has developed action plans for marketing and development to implement priority projects under the strategy up to 2010, endorsed by the first meeting of GMS tourism ministers in 2008 in Bangkok.

16. **External Assistance to the GMS Tourism Sector.** Tourism is increasingly recognized by many development partners as a tool for natural and cultural heritage conservation and poverty alleviation. Many development partners have become involved in tourism nationally and subregionally in the last 5 years.¹⁰ The United Nations Economic and Social Commission for Asia and the Pacific, United Nations World Tourism Organization, and other development partners have supported initiatives to enhance the skills of tourism leaders, trainers, and professional managers and to expand the benefits of tourism to the poor through various

⁹ A survey of 2,000 tourists conducted at five exit points in different GMS countries in 2005 for the preparation of the TSS showed that 35% of them visit more than one country and 15% visit three countries.

¹⁰ The list includes (i) international organizations such as UNESCO, European Union, United Nations World Tourism Organization, United Nations Economic and Social Commission for Asia Pacific, International Finance Corporation, and Pacific Asia Travel Association; (ii) bilateral donors such as German Technical Cooperation, Danish International Development Agency, Japan International Cooperation Agency, and New Zealand International Development Agency; (iii) international nongovernment organizations such as Wild Aid, World Wildlife Fund, Netherlands Development Organization, and Conservation International; and (iv) training institutions such as the Mekong Institute.

projects. UNESCO has supported subregional initiatives to enhance standards for managing natural and cultural resources for conservation and tourism. The Mekong Tourism Forum has been organized annually since 1995 with the assistance of the Pacific Asia Travel Association to enhance dialogue on tourism between the private and public sectors in the GMS. In 2005 and 2006, tourism investment forums were organized with the support of the GMS tourism industry.

17. ADB has played a prominent role in supporting the GMS tourism sector. The MTDP has facilitated the movement of tourists across the subregion by supporting the construction of airports, piers along the Mekong River, and access roads to tourism destinations. It contributed to the environmental sustainability of key GMS tourism destinations through the construction of management systems for wastewater and solid wastes and to the distribution of tourism benefits through the development of 25 community-based tourism projects in poor areas of the GMS. The GMS Phnom Penh Plan for Development Management¹¹ has supported several training courses to improve the tourism planning and management capacity of GMS government officials. ADB provided assistance to TWG toward preparing the GMS-TSS and seconded staff to MTCO to support its implementation, with financial support from the French Government. Appendix 2 provides a summary of tourism-related external assistance to the GMS.

18. **Lessons Identified.** Key lessons were identified from the MTDP and other tourism projects in the subregion. First, promoting local ownership of tourism resources and projects, and training communities to manage them, is fundamental to ensuring that they keep control of their own development and benefit from tourism. Second, in many instances, poor local communities do not have the capacity to implement and sustain tourism products without external support and require partnerships established with the private sector. Public sector support is required to ensure the sustainability of the products and the fairness of the partnerships. Two successful examples of public-private-community partnership supported by the MTDP are in Luang Namtha and Luang Prabang, Lao PDR. In Luang Namtha, the tour operator Green Discovery increased the number of tourists on the Nam Ha Camping Tour by 350%, and revenue from \$3,965 to \$22,938, from 2005 to 2007, after entering into an agreement with the provincial tourism department and the village of Dorn Xay. Villagers provide food, guide services, site security, and trail maintenance for the tour program and receive about 30% of gross revenue. In Luang Prabang, Tiger Trails, a local tour operator, entered into a similar agreement with the provincial tourism department and seven communities along the Fair Trek tour circuit. By the second year of operation, the tour had served 2,147 tourists and generated \$64,376 in gross income, of which approximately 25% was paid to village and local service providers. In contrast, the Phou Khong trekking program, operated independently by Maisingsampanh village in Champasak Province, served only 18 clients in 3 years and generated a mere \$3,047.

19. The third lesson was that clearly defined roles and responsibilities for subregional and national committees and management units; well-defined job descriptions, training programs, and financial incentives for staff; detailed work plans and budgets; and clear reporting mechanisms are key for the success of the Project. Fourth, allocating adequate resources and systems for regular monitoring and evaluation of performance is fundamental to assessing the impact of the interventions and gaining support from community leaders and partners. Appendix 3 describes these and other lessons that have been factored into the design of the Project.

¹¹ Financed by ADB and other development partners.

III. THE PROPOSED PROJECT

A. Impact and Outcome

20. The impact of the proposed Project will be the development of a sustainable, culturally and environmentally sound, pro-poor tourism approach for the GMS and the preservation of natural and cultural heritage. It will contribute to implementing the GMS-TSS. The project outcome will be sustainable tourism development that creates livelihood opportunities for the poor. The project area is nine provinces in the Lao PDR (Bokeo, Champassak, Houaphanh, Luang Namtha, Oudomxay, Saravanh, Savannakhet, Vientiane, and Xayaboury) and five in Viet Nam (Bac Kan, Cao Bang, Quang Binh, Quang Tri, and Thua Tien Hue), which were selected for their tourism potential, poverty rates, and inclusion in a GMS-TSS priority zone.

B. Outputs

21. The Project will have the following 5 outputs: (i) model sustainable tourism development projects protecting the environment and cultural heritage developed, (ii) pro-poor, community-based, supply-chain tourism projects operational, (iii) GMS tourism corridors developed, (iv) human resource capacity of public and private tourism stakeholders improved, and (v) efficient project management services. Four subprojects under output 1 were selected from a long list of 120 candidates included in the GMS-TSS based on selection criteria agreed with the participating countries. A sectoral approach has been adopted for the demonstration subprojects under outputs 2 and 3 that will be identified during project implementation following the selection criteria stated in Appendix 4.

1. Output 1: Model Sustainable Tourism Development Projects Protecting the Environment and Cultural Heritage Developed

22. This output will develop for replication throughout the GMS four model tourism subprojects that will contribute to the protection of important natural heritage sites, the improvement of environmental conditions in urban tourism centers, ethnic groups/minorities' livelihoods, and the protection of their cultural heritage. Each subproject will include the preparation, establishment, development and/or implementation of (i) heritage-based tourism master plans and zoning and management plans; (ii) small tourism-related infrastructure such as access roads, boat landings, pathways and trails, and drainage and waste management systems; (iii) capacity development and livelihood support programs for local communities, especially including women, youths, and ethnic groups, to develop and operate community tourism enterprises and revitalize cultural industries in partnership with private tourism operators;¹² (iv) a gender and ethnic minority development program; (v) a database and geographic information system on cultural practices and indigenous knowledge in the area; (vi) a public awareness program targeting tourists, tourism operators, and local communities on natural and cultural resource conservation and protection, respect for cultural heritage, controlling the traffic in wildlife and antiquities, efficient waste management practices, HIV/AIDS, and other tourism issues; (vii) a marketing and promotion program and materials to promote sustainable tourism and cultural products in association with local private tourism companies; (viii) institutional strengthening and capacity building in the agencies in charge of operating and maintaining project facilities; (ix) manuals to guide the preparation and implementation of future GMS tourism subprojects focused on wetlands, protected areas, urban sites, and ethnic groups/minorities; and (x) a monitoring and evaluation program. These subprojects will help strengthen the local economy by creating additional livelihood opportunities for local communities to sell agricultural and handicraft products; provide cultural and guide services; gain access to new and higher-paid employment

¹² The Project will promote the development of community-private sector partnership and the development of small and micro tourism enterprises.

in restaurants, shops, and transportation services; and establish new SMEs. The subprojects will provide a more sustainable basis for private sector participation in the provision of services to tourists and generate sustained markets for local labor and locally produced handicrafts, agricultural products, and materials.

23. Lao PDR: Biodiversity Protection in the Siphandone Wetland. The Siphandone Wetland is in Champassak Province and part of the biodiversity corridor through Lao PDR, Cambodia, and Thailand. It contains about four thousand islands and is home to more than 72,000 people. Poor communities living in and adjacent to the wetland depend on it for food security and income. Over the years, the growing population and high fish prices have brought intensified fishing and hunting, threatening Siphandone's biodiversity. The subproject will provide alternative income opportunities for local people such as employment in tourism information centers, hotels, and guesthouses; as guides; providing tourist transport; and selling handicrafts and other products to them. Additional income from these new opportunities is expected to stem current activities that contribute to the site's environmental deterioration. The subproject includes (i) upgrading a 4 kilometer (km) access road that connects Route 13 to the boat landing at Nakasang village; (ii) improving existing pathways on Don Det and Don Kone islands; (iii) environmental improvements at Nakasang and on Don Det and Don Kone; (iv) constructing visitor information and interpretation facilities on the Nakasang village side of the wetland; and (v) constructing fully interpreted access trails at Nakasang and on Don Det, Don Kone, and other smaller islands.

24. Lao PDR: Vang Vieng Town Environmental Improvement. Vang Vieng town functions both as a tourist center and service point between Vientiane and Luang Prabang. The number of tourists visiting the town has grown annually by 15% to 20% and is expected to surpass 100,000 by 2008. Tourism businesses pollute the environment with solid wastes and wastewater discharged directly into the drainage system and the river, which is also used for tourism activities. The subproject will improve environmental conditions in Vang Vieng town, contribute to reducing downstream river pollution, and protect the water quality of the river for local use and tourism. It includes (i) expanding and improving the existing drainage system in the core area of Vang Vieng town; (ii) upgrading selected roads in the core area to ensure that stormwater drains into side-entry pits; and (iii) installing a bio-filter to remove a contaminants (e.g., hydrocarbons and sediments). The subproject will strengthen linkages between the tourism industry and local suppliers of labor, agricultural products, handicrafts, and other materials.

25. Viet Nam: Phong Nha Ke Bang National Park. Phong Nha Ke Bang National Park is a UNESCO Natural World Heritage Site located in Quang Binh Province, approximately 500 km south of Hanoi. Covering 85,754 hectares of rugged limestone mountains, the park straddles the Ho Chi Minh Trail and abuts the Hin Nam No National Protected Area in the Lao PDR. More than 75,000 people live in communities around the park, and about 2,100 people reside in remote villages within it. Since the area became protected, residents' loss of access to the forest and its non-timber forest products has harmed their livelihoods. Tourism activities affect the sustainability of the site. The subproject will provide additional sources of income to local people by developing new tourism products that will create additional employment opportunities in transport, tourism information, and accomodation. It will also improve the capacity of park managers to manage increased tourism and contribute to the preservation of the natural environment. It includes (i) improvements to the Phong Nga and Tien Son caves to facilitate access for tourists and minimize disruption to the site, (ii) the development of a new nature circuit in the park, and (iii) improvements to existing procedures for solid waste disposal and management.

26. Viet Nam: Ethnic Minorities Cultural Heritage Development in Bac Kan. Located in the northern highlands of Viet Nam along Route 3, Bac Kan Province is 120 km north of Hanoi. About 85% of the residents of Bac Kan depend on agriculture for subsistence and livelihoods. Among the 300,000 people living in the province, 87% are ethnic minorities, comprising the Tay,

Dao, Nung, H'mong, Hoa, and San Chay. Bac Kan is known for its rich ethnic traditions and natural landscapes such as Ba Be Lake and National Park and Nang Tien cave. Since 2003, tourism has grown at an annual average of 23%, with about 100,000 overnight tourists visiting the province in 2007. As ethnic minorities experience a rapid shift toward a market economy and urbanization brought by tourism growth, there is a risk of lost cultural identity and heritage, especially language and oral traditions and indigenous knowledge, music, rituals, and belief systems. Meanwhile, ethnic minorities do not benefit from tourism. The subproject will promote ethnic culture and traditions in a way that is not exploitative but attractive to tourists. It will provide business and employment opportunities to ethnic groups and help them benefit from tourism through the fair sharing of proceeds with private tourism operators, while improving their capacity to minimize potential social disruption. It includes (i) constructing a heritage interpretation and visitor information center near Ba Be Lake, (ii) developing tourist destinations and products in selected villages, (iii) developing and delivering training programs for local residents at the new center to help revitalize cultural industries, and (iv) preparing and implementing a private sector investment program for cultural heritage tour operation and, potentially, eco-lodges.

2. Output 2: Pro-Poor, Community-Based, Supply-Chain Tourism Projects Operational

27. Output 2 will involve and benefit poor communities in the tourism economy through 33 subprojects.¹³ It includes the development of tourism products and tours designed and operated by local communities in partnership with the private sector, and supply-chain initiatives to link the production of agricultural goods and handicrafts by poor communities to the local, regional, and national tourism economy. Output 2 aims to protect ethnic cultures and minimize the adverse impacts of tourism, especially on vulnerable groups such as women, youths, and the elderly. The output aims to increase rural employment and the incomes of the poor by developing new tourism products and services in partnership with the private sector. The poor will benefit working as guides and providing food, accommodation, cultural performances, and local transportation to tourists. New opportunities will be developed to produce and sell local handicrafts, food, and other products to tourists.

28. A sectoral approach has been adopted for this output, based on a demonstration model developed for Alouï District, Thua Tien Hue Province, with other sites to be selected during project implementation. The output includes (i) the development of community-based tour products and services, (ii) a public awareness program for tourism, (iii) the identification and development of tourism-related supply-chain initiatives, (iv) capacity development in tourism-related SMEs and communities, (v) the construction of small tourism-related infrastructure, (vi) a gender and ethnic minorities development program, (vii) a marketing and promotion program, (viii) the promotion of community tourism networks and tourism stakeholder associations, (ix) a joint manual to guide the preparation and implementation of pro-poor tourism initiatives in the GMS (coordinated between the Lao PDR and Viet Nam), and (x) a monitoring and evaluation program.

3. Output 3: GMS Tourism Corridors Developed

29. The output will result in the development of GMS transnational tourism corridors. It will provide models for a subregional approach to developing tourism opportunities along the GMS transport corridors that contributes to their transformation into subregional economic corridors. The output will help participating countries coordinate with other GMS countries,¹⁴ local

¹³ Three subprojects will be developed in 11 provinces: Bokeo, Houaphanh, Saravanh, Oudomxay, Sayabouli, and Vang Vieng District of Vientiane in the Lao PDR and Thua Tien Hue, Quang Binh, Quang Tri, Bac Kan and Cao Bang in Viet Nam.

¹⁴ Other GMS countries can join by financing activities in their territories with their own resources.

communities, and the private sector to develop tourism sites and circuits, joint marketing plans, and common tourism signage along the main GMS transport corridors. About 10 subprojects to improve the infrastructure of tourism sites will be developed in the Lao PDR along the north–south economic corridor (NSEC), which links Yunnan Province in the PRC to the Lao PDR and Thailand, and in Viet Nam and the Lao PDR along the east–west economic corridor (EWEC), which links these two countries with Thailand. The Project will include activities to help manage the risks associated with the increased movement of people and tourists across borders.

30. This output aims to create economic opportunities for local communities located along the corridors; lengthen the time tourists spend in participating countries; create jobs, especially for women and ethnic groups/minorities; protect the integrity of natural and cultural heritage at the sites by installing appropriate infrastructure and management systems; promote private sector participation; and develop interpretative materials and displays to add value, understanding, and appreciation of the selected sites. The output includes (i) preparing tourism development and management plans for individual sites and each economic corridor; (ii) constructing tourism-related infrastructure along the corridors, including access roads, parking lots, ticket booths, information centers, walking trails, markets, and interpretation and sanitary facilities, with partnerships between local communities and the private sector for investment, operations and maintenance; (iii) a community awareness and livelihood-support program; (iv) tourism management training for site managers and a local tour-guide training program; (v) a marketing and promotion program; (vi) a gender and ethnic groups/minorities development program; (vii) a public awareness program for HIV/AIDS, human trafficking, drug abuse, and other tourism-related concerns; (viii) a joint manual on procedures and practices to develop GMS tourism corridors, coordinated between the Lao PDR and Viet Nam; and (ix) a monitoring and evaluation program.

4. Output 4: Human Resources in the Tourism Sector Developed

31. Output 4 will create a pool of master trainers to meet training needs in the areas of (i) small-scale tourism and hospitality operations and (ii) public sector tourism planning and management. Under the first training area, some master trainers will be selected to train trainers of staff in tourism SMEs.¹⁵ Under the second training area, the Project will support master trainers' training of provincial, district, and local public officials responsible for tourism management in pro-poor planning and management. Training will focus on the participating provinces. In each country, a training institution for each of the two training areas will be selected, receive support to improve its facilities, and partner with international institutions in training master trainers.

32. In each country, the output includes (i) a review of the existing training needs assessment for staff in tourism SMEs and public tourism officials; (ii) the revision or development of service standards for SME tourism and hospitality enterprises, as well as related training standards based on Association of Southeast Asian Nations (ASEAN) models and the training needs assessment; (iii) the development of gender- and ethnic-sensitive and -inclusive training kits and manuals, teacher training materials and case studies, best practices, and lessons learned; (iv) the production of CD ROMs and web-based training materials; (v) the development and maintenance of a web-based knowledge center accessible in all GMS countries; (vi) the translation of training manuals into Lao, Vietnamese, and other ethnic languages; (vii) support to training institutions selected in each country; (viii) the training of master trainers in English and of trainers and government officials in local languages; and (ix) a monitoring and evaluation program.

¹⁵ Training of staff in tourism SMEs will not be financed by the Project.

5. Output 5: Efficient Project Implementation Services are Operational

33. Output 5 will ensure efficient project management services that are fully operational. In each country, this output includes (i) international and national consulting services with expertise in tourism development, heritage preservation and development, financial accounting, social and gender development, resettlement, environment, civil engineering and supervision, developing systems of project performance management, ecotourism, supply chains and human resource development; (ii) support for project implementation and coordination; (iii) capacity development for project coordination units (PCUs) and project implementation units (PIUs); (iv) external monitoring for resettlement; (v) project auditing; and (vii) intermittent monitoring and evaluation of the Project by an independent consultant or institution.

C. Special Features

34. **GMS Subregional Cooperation.** The GMS-TSS recognizes that a cooperative, common approach to tourism development is needed if the subregion's countries want to develop the sector in a sustainable way in an increasingly competitive market. The Project builds on that principle to support the development of a subregional tourism approach to achieve the objectives of the GMS-TSS. It will enhance subregional cooperation and economic integration by enhancing the attractions of key subregional tourism destinations, encouraging the movement of tourists along the GMS transport corridors, promoting common approaches to community-based ecotourism and value-chain activities, and improving the management of urban and natural protected areas of importance for tourism. The Project is expected to have an impact on all GMS countries through the development of demonstration tourism subprojects in the participating countries, which can be replicated across the subregion.

35. Improved tourism infrastructure along the GMS transport corridors, common tourism signage, and joint tourism marketing strategies for each corridor will help tour operators develop multi-country circuits along the roads that could integrate the subprojects included in the Project and the entire subregion. The Project will complement other GMS projects and initiatives supported by ADB, particularly the development of transport corridors (EWEC in the Lao PDR and Viet Nam and the NSEC in the Lao PDR), the Core Environment Program, and the Cross-Border Transport Agreement. MTCO will serve as the coordination point for the Project. All GMS countries are expected to participate in meetings of the subregional project steering committee (SPSC) to exchange experiences, contribute to preparing the tourism manuals, develop GMS tourism corridors, and agree on a subregional approach to sustainable tourism development. All project sites are located in one of the priority tourism zones identified in the GMS-TSS. Some areas of important natural and cultural heritage are shared by two or more GMS countries. GMS manuals on (i) urban tourism, (ii) tourism management in protected natural and sensitive areas, (iii) ethnic groups/minorities and tourism, (iv) pro-poor tourism, and (v) tourism corridors will be produced and widely publicized. A GMS tourism database for human resources will be developed.

36. **Poverty Reduction.** The Project has been classified as a targeted intervention. As the project area covers the poorest provinces in the two countries, 30% of expected project beneficiaries in Viet Nam and 44% in the Lao PDR are poor. As these areas are important tourist locations, great potential exists for the Project to reduce the high poverty incidence and contribute to inclusive economic development. The poor in the project areas will benefit significantly from project interventions through the generation of new employment opportunities and tourism SMEs; developing community ownership and self-reliance; reduced social and health risks through awareness programs; improved infrastructure, such as potable water, communications, roads, and access to markets; protection of natural and cultural resources; and a more sustainable environment. The Project's pro-poor tourism-development activities include community-based approaches combined with supply-chain initiatives that aim to protect minority cultures, minimize the adverse impacts of tourism, and provide livelihood opportunities for vulnerable groups such as

women, youths, ethnic groups/minorities, and the elderly. The output regarding human resources development will have a pro-poor focus and include training on developing and managing small-scale tourism interventions in poor areas and targeted capacity development for women, the poor and ethnic groups/minorities. A summary poverty reduction and social strategy is in Appendix 5.

37. **Gender.** The tourism industry is particularly important for women, as the percentage of women employed in restaurants, hotels, and other tourism services is higher than in the general workforce.¹⁶ Women will benefit through increased employment and the educational and other socioeconomic opportunities generated by the tourism sector such as food production, handicrafts, ceremonial celebrations, and the operation and management of small tourism sites. At the same time, the Project has significant potential to promote gender equity by improving women's decision making in tourism management. A gender action plan has been formulated to promote the equal participation of all stakeholders as project beneficiaries. Key activities include (i) establishing mechanisms to promote women's representation in decision-making processes; (ii) integrating women's needs into project subcomponents; (iii) including targets for female staff in project implementation; (iv) training communities, government officials, and other stakeholders on gender issues and risks related to tourism; (v) conducting awareness programs for communities and government officials on HIV/AIDS, trafficking, and other social risks; (vi) effectively involving women in project monitoring and evaluation, including gender-disaggregated data for these purposes; and (vii) reserving at least 40% of capacity development and training activities and 50% of the scholarships for master trainers for women. A summary gender analysis and action plan is in Appendix 6.

38. **Community Participation.** A participation strategy is incorporated into the project design to help communities plan and manage local tourism destinations through an inclusive model of community and supply-chain development. The pro-poor tourism-development output will enable community groups and individual households to set their own priorities for tourism development and to utilize and manage tourism sites as collective resources. The Project will (i) facilitate and provide capacity building on community planning, management, operation, and maintenance of local tourism development; (ii) conduct awareness campaigns on social risks; (iii) provide sufficient opportunities for all groups to participate in the Project; (iv) build capacity in poor communities for developing ownership and self-reliance; and (v) ensure the monitoring and evaluation of participatory processes and outputs. Project preparation included extensive consultation with beneficiaries using participatory approaches.

39. **Ethnic Groups/Minorities.** Ethnic groups/minorities in participating provinces will benefit from the preparation and implementation of demonstration projects aimed at developing a sustainable, culturally and environmentally sound, pro-poor approach to tourism in the GMS. The anticipated threats to ethnic groups/minorities under output 1 of the Project are very limited. The Bac Kan subproject will help conserve and revitalize ethnic culture and traditions in the province, especially in Ba Be District, where 85% of the population is minority. The subprojects under outputs 2 and 3 will include specific actions to enable ethnic minorities, especially ethnic women, to participate in capacity development for tourism-related micro-enterprises, ensure that they benefit from the Project, and mitigate any risks. Each output includes a separate budget to support the screening and mitigation of tourism impacts on ethnic minority groups and develop measures for more equitable distribution of benefits among all ethnic groups. A summary ethnic groups/minorities development framework for the Project is in Appendix 7.

40. **Cost Recovery Mechanisms and Financial Sustainability.** Cost recovery mechanisms are built into all subprojects to ensure their financial sustainability. The mechanisms, based on user or environmental charges and tourism entrance fees, will be used to cover the operation and maintenance (O&M) costs of each subproject or to finance social

¹⁶ UNDP. 1999. *Gender and Tourism*. New York.

projects in the local communities in charge of the subproject. Surveys of foreign and domestic tourists were conducted to assess their willingness to pay entrance and user fees at project sites. Surveys of commercial businesses and residents in Vang Vieng town were conducted to assess their receptiveness to environmental user fees for the environmental management infrastructure proposed. The Project will develop models for minority cultural heritage information centers and natural protected area management agencies of importance for tourism to generate sufficient revenue from tourists, reinvest a certain percentage of it in preserving the destination, and gradually reduce government subsidies, while benefiting local communities in the area. Entrance fees to Phong Nha Khe Bang, Bac Kan, and Siphandone will be increased so that the agencies in charge of the sites get sufficient funds to cover O&M costs.

D. Project Investment Plan

41. The cost of the Project is estimated at \$21.98 million equivalent. The cost for the Lao PDR component is \$10.87 million, including taxes and duties of \$598,000, and for the Viet Nam component \$11.11 million equivalent, including taxes and duties of \$589,000. Cost estimates for each country are presented in Appendix 8.

Table 1: Project Investment Plan

			(\$ million)
Part			Amounts ^a
A.	Lao PDR		
1.	Base Cost^b		
	a.	Output 1 Sustainable Tourism Development	3.20
	b.	Output 2 Pro-Poor Tourism Development	2.32
	c.	Output 3 Tourism Corridors	1.30
	d.	Output 4 Human Resources Development	0.51
	e.	Output 5 Project Implementation	1.77
	Subtotal (A1)		9.10
2.	Contingencies^c		1.77
	Subtotal (A)		10.87
B.	Viet Nam		
1.	Base Cost^b		
	a.	Output 1 Sustainable Tourism Development	3.61
	b.	Output 2 Pro-Poor Tourism Development	2.13
	c.	Output 3 Tourism Corridors	1.21
	d.	Output 4 Human Resources Development	0.51
	e.	Output 5 Project Implementation	1.86
	Subtotal (B1)		9.32
2.	Contingencies^c		1.61
3.	Financing Charges During Implementation^d		0.18
	Subtotal (B)		11.11
	Total		21.98

Lao PDR = Lao People's Democratic Republic.

^a Includes taxes and duties of \$598,000 for the Lao PDR and \$589,000 for Viet Nam.

^b In mid-2007 prices.

^c Physical contingencies are computed at 10% for civil works, field research and development, training, surveys, and studies. Price contingencies are computed at 4% on foreign exchange costs; on local currency costs they are computed at 6.5% in the Lao PDR and 8.5% in Viet Nam. They include provision for potential exchange rate fluctuation under the assumption of purchasing power parity.

^d Includes interest during implementation computed at 1% per annum for the Asian Development Fund loan to Viet Nam.

Source: Asian Development Bank estimates.

E. Financing Plan

42. It is proposed that ADB provide a loan of SDR 6,479,000 (\$10 million equivalent) from the Special Funds resources to Viet Nam, with a term of 32 years, including a grace period of 8 years, and with an interest charge of 1.0% per annum during the grace period and 1.5% per annum thereafter. It is also proposed that ADB provide a grant of \$10 million from the Special Funds resources to the Lao PDR. The Government of Viet Nam will provide \$1.11 million equivalent, and the Government of the Lao PDR will provide \$870,000 equivalent, as counterpart funds to finance taxes and duties, the cost of land acquisition and resettlement, and part of the cost of works.

Table 2: Financing Plan

(\$ million)		
Source	Total	%
A. Lao People's Democratic Republic		
Asian Development Bank	10.00	92.00
Government	0.87	8.00
Subtotal (A)	10.87	100.00
B. Viet Nam		
Asian Development Bank	10.00	90.00
Government	1.11	10.00
Subtotal (B)	11.11	100.00
C. Project Total		
Asian Development Bank	20.00	90.99
Governments	1.98	9.01
Total	21.98	100.00

Source: Asian Development Bank estimates.

F. Implementation Arrangements

1. Project Management

43. The project executing agencies (EAs) will be LNTA in the Lao PDR and MCST in Viet Nam. The SPSC, with representatives from LNTA and MCST, will be established to oversee project implementation subregion-wide. Directors general of LNTA and MCST, or more senior officials, will alternately chair the SPSC. Representatives from NTOs of the other GMS countries will be invited to discuss the lessons from the demonstration subprojects and the potential to replicate them. MTCO will act as the secretariat of the SPSC. National project steering committees (NPSC) will be established in each participating country to provide policy guidance, and oversee project implementation nationally. The committees will be chaired by a senior official of director general level in the EA, and their memberships will include representatives from the Ministry of Finance (MOF), Ministry of Planning and Investment, offices of GMS coordinators, and participating provinces. In Viet Nam, the NPSC will also include the State Bank of Viet Nam and in Lao PDR, the members will include the Prime Minister's Office.

44. In each participating country, a PCU has been established within the EA and headed by a project director. The project director will be assisted by a deputy director and five staff who will be responsible for project accounting; monitoring and evaluation; environment, natural and cultural heritage, gender, and other social issues. The PCUs will be responsible for (i) coordinating the Project; (ii) selecting and managing consultants, including for external monitoring of resettlement impacts; (iii) submitting all necessary data to the auditor on time and the audited financial statements of project accounts to ADB; (iv) carrying out project monitoring and evaluation;

(v) consolidating project reports to be submitted to ADB and the Government; and (vi) coordinating with the other PCU, MTCO, and the NTOs of other GMS countries. In the Lao PDR, the PCU will be responsible for carrying out procurement. In Lao PDR, the PCU will also be responsible for carrying out Procurement. The PCUs will be supported by international and national consultants.

45. PIUs established in each participating province will be responsible for implementing, coordinating, monitoring, and reporting project activities at the provincial level under PCU guidance. In Viet Nam, the PIUs will be responsible for carrying out procurement. They will be headed by a provincial project director and include a project manager and five other staff who will be responsible for project accounting; monitoring and evaluation; environment, natural and cultural heritage, gender, and other social issues. A provincial project steering committee will be established to represent agencies in charge of natural and cultural heritage site management, urban environment, public works, and transportation, as well as district authorities. Community tourism groups representing stakeholders in the local community will be established for each subproject. Details on the project management are in Appendix 9.

2. Implementation Period

46. The Project will be implemented over a period of 5 years from 1 January 2009 to 31 December 2013. An implementation schedule is presented in Appendix 10.

3. Procurement

47. Works, goods, and services to be financed by ADB will be procured in accordance with ADB's *Procurement Guidelines* (2007, as amended from time to time). The PCU in the Lao PDR and the PIUs in Viet Nam will be responsible for procuring works, goods, and services provincially. Each procurement package for works will not exceed \$1.5 million. Procurement for works will follow the national competitive bidding (NCB) procedures of the participating countries that are acceptable to ADB. NCB procedures will be followed for materials and equipment packages estimated to cost between \$100,000 and \$500,000 equivalent. Equipment and materials that are locally available and cost less than \$100,000 equivalent may be procured through shopping. Any procurement of works, goods, and services of not more than \$10,000 will be done through direct contracting. The first two contracts for works in each province will be subject to ADB approval. Subsequently, the PCUs and PIUs will maintain specified documents¹⁷ for review by ADB. A draft procurement plan is provided in Appendix 11.

4. Consulting Services

48. To support the implementation of the Project, 250.5 person-months of consulting services (78.5 person-months international and 172 person-months national) will be required for the Lao PDR and 226.5 person-months (50.5 person-months international and 176 person-months national) for Viet Nam to assist project management, resettlement, and gender and environment matters, as well as to supervise the design and construction of tourism infrastructure. In addition, the consultants will deliver on-the-job training and capacity building programs for PIUs and PCUs. They will be engaged in accordance with the ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). In the Lao PDR, individual consultants will assist the PCU and PIUs in project management, and a firm will supervise the detailed design of infrastructure. In Viet Nam, a firm will be selected to assist the PCU and PIUs in project management and the detailed design of tourism-related infrastructure, and a different firm will be recruited to assist the PIUs in supervising civil works. The firms will be selected using the quality- and cost-based selection method, and the weighting will follow the standard quality-cost

¹⁷ These include bid invitation letters, bid opening statements, bid evaluation reports or approval documents, and contracts.

ratio of 80:20. Additional individual consultants will be recruited in each country for external monitoring of resettlement impacts and project external monitoring. All consultants will be located in the PCUs. Two training institutions in each participating country will be recruited to provide training under output 4 using the consultants qualification selection procedure.

5. Anticorruption Policy

49. ADB's *Anticorruption Policy* (1998, as amended to date) was explained to and discussed with the governments. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project. To support these efforts, relevant provisions of ADB's *Anticorruption Policy* are included in the grant and loan regulations and the bidding documents for the Project. In particular, all contracts financed by ADB in connection with the Project shall include provisions specifying the right of ADB to audit and examine the records and accounts of the EAs and all contractors, suppliers, and other service providers as they relate to the Project.

50. The Project incorporates several other measures in addition to the standard ADB requirements to deter corruption and increase transparency. The Project will (i) build capacity in the EAs, PCUs, and PIUs to understand and comply with ADB and government procedures as outlined in the project administration manual and (ii) widely publicize in communities in the project area the existence of the integrity division in ADB's Office of the Auditor General, as the initial point of contact for allegations of fraud, corruption, and abuse in ADB-financed projects. A project website will be developed to disclose information about project matters, including procurement. To encourage more stakeholder vigilance as well as ensure greater accountability, a task force will be set up in the PCUs to receive and resolve grievances or act upon stakeholders' reports of irregularities. The task force will (i) review and address stakeholders' grievances against the Project in relation to the Project itself, any service provider, or any person responsible for carrying out the Project and (ii) set the threshold criteria and procedures for handling such grievances, proactively responding to them, and providing the stakeholders with notice of the mechanism. The community tourist group will be a member of the procurement committee for subprojects handled by the PIUs to ensure transparency in the awarding of contracts at the provincial and community level. Finally, external monitoring consultants will be recruited to monitor resettlement impacts and project implementation.

6. Disbursement Arrangements

51. The payment of eligible expenditures from the proceeds of the grant and the loan will be made either through direct payment or imprest account procedures in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time). An imprest account will be established for the Project in each participating country. In the Lao PDR, the imprest account will be established by the Government at the Bank of Lao PDR. In Viet Nam, the imprest account will be established by the Government at a commercial bank designated by the State Bank of Viet Nam and acceptable to ADB. The initial advances to, and the ceiling of, each imprest account will be based on estimated expenditures to be funded from the imprest account for the first 6 months or 10% of the total ADB grant or loan amount, whichever is less. The imprest accounts will be established, managed, replenished, and liquidated in accordance with ADB's *Loan Disbursement Handbook* and detailed arrangements agreed between each participating country's government and ADB. The statement of expenditures procedure will be used to reimburse and liquidate eligible expenditures under contracts not exceeding \$50,000. The PCUs and PIUs will each set up an account specifically for the Project. The accounts may be opened at a commercial bank acceptable to each participating country's government and ADB. In Viet Nam, any advance payment and subsequent replenishments to the PIUs' accounts will be made directly from the imprest account. The funds flow mechanisms are in Appendix 12.

7. Accounting, Auditing, and Reporting

52. The PCUs and PIUs will maintain project accounts exclusively established for the Project. A separate accounting system for project expenditures will be established and maintained in accordance with sound accounting principles. The consultants will provide training on the use of the imprest accounts and operating support to PCUs and PIUs accounting staff. All project accounts will be audited annually as part of the regular audit by an independent auditor acceptable to ADB, using international accounting and auditing standards. A separate audit opinion will be issued on the use of the imprest account and statement of expenditure procedures. The consolidated audit reports will be submitted to ADB within 6 months of the close of each participating government's fiscal year. The audit opinion will include (i) an assessment of the adequacy of accounting and internal control systems regarding project expenditures and transactions to ensure the safe custody of project-financed assets; (ii) a determination as to whether the Government, the PCU, and participating provinces have maintained adequate documentation for all financial transactions, specifically including statement of expenditure and imprest account procedures; and (iii) confirmation of compliance with the project financial management system and ADB requirements for project management.

53. The PIUs will submit quarterly reports and data to their PCU within 15 days of the end of each quarter. Each PCU will (i) collect and consolidate all project progress reports, site reports, technical reports, and financial reports and (ii) prepare quarterly progress reports within 30 days of the end of each quarter and submit them to ADB. The quarterly reports will include (i) a narrative description of progress made during the reporting period; (ii) modifications, if any, to the implementation schedule; (iii) details of land use and resettlement; (iv) information on preparing and implementing initial environmental examinations (IEEs); (v) progress on the implementation of the gender action plan and the ethnic minority development framework; (vi) major project activities by the PCU, PIUs, and training institutions; (vii) financial and procurement-related information; (viii) problems experienced and remedial actions proposed; (ix) the work to be carried out during the upcoming reporting period; (x) progress on the grant or loan covenants, and (xi) a summary of expenditures during the quarter, year-to-date expenditures, and total expenditures. Each PCU will submit to ADB, within 3 months of project completion, a project completion report that will cover the details of project implementation, achievement of outputs and outcome, compliance with covenants, implementation of environmental and social safeguards, and other information that ADB may request.

8. Project Performance Monitoring and Evaluation

54. A comprehensive project performance monitoring system (PPMS) has been prepared. A set of PPMS indicators have been developed. The PPMS will be integrated into the information management system of the NTOs and the provincial tourism departments so that the monitoring of social and economic benefits can continue after project completion. The PIUs in each province will be responsible for ensuring that the PPMS is implemented and updated, in consultation with the local communities, to (i) examine the Project's technical performance, (ii) evaluate the delivery of planned facilities, (iii) assess the achievement of project outputs and outcome, (iv) ensure compliance with social safeguards, and (v) measure project benefits. Annual PPMS reports will be prepared by each PIU, consolidated by the PCUs, and submitted to ADB. The integrated system for managing, monitoring, and evaluating project impacts, outcome, and outputs accords with ADB's *Project Performance Monitoring System Handbook*.

55. Project outputs will be monitored in the regular course of the Project in terms of efficiency (quantities delivered, people trained, and meetings) and effectiveness (quality of the goods and services delivered). The PPMS will generate data on the immediate effects and the broader impacts of project investments on socioeconomic development, poverty reduction, and

the degree to which women and vulnerable groups participate and benefit. A baseline survey will be carried out in selected communities in each province at the start of activities. Data collection will be organized by the PIUs through villages and communes and will be stored in a database maintained by the PIUs and PCUs. A monitoring and evaluation expert will provide guidelines and training on the design and maintenance of these databases. Monitoring data and indicators will be disaggregated, where possible, by sex, ethnicity, and income. In addition to the normal PPMS, an individual consultant will be recruited in each country for external benefit monitoring and evaluation, thereby independently assessing project effectiveness. The PCUs will appoint an independent external monitor acceptable to ADB for land acquisition and resettlement (LAR).

9. Project Review

56. The NTOs and ADB will conduct joint project reviews at least twice a year and a comprehensive project review about 30 months after loan effectiveness. The comprehensive project review will evaluate the (i) the actual progress toward achieving the project outputs in each province, (ii) implementation procedures, (iii) feedback from PPMS activities, (iv) functioning and performance of the PCUs and PIUs, (v) performance of consultants, and (vi) financial performance and cost recovery of tourism subprojects.

IV. PROJECT BENEFITS, IMPACTS, ASSUMPTIONS, AND RISKS

A. Benefits and Impacts

57. **Social Benefits and Beneficiaries.** Improved tourism-related infrastructure brings social benefits to local residents and tourists. The Project will directly benefit 60,000 people: 35,000 in the Lao PDR and 25,000 in Viet Nam. An estimated 145,000 people in the Lao PDR and 155,000 people in Viet Nam will be indirect beneficiaries. The pro-poor, community-based, supply-chain tourism subprojects under output 2 are expected to benefit the largest number of poor households. The Project will improve the quality of tourism SME's operations and public officials' pro-poor planning and management. About 180 master trainers, 400 trainers, and 800 government officials working in tourism-related institutions will be trained, of which 40% will be women and 30% will be from participating provinces and districts with a high percentage of ethnic minority residents. Human resource development, especially for trainers of personnel working in tourism SMEs, will improve the quality of service and the competitiveness of the sector and provide new employment opportunities and higher salaries for trainers and employees. The pro-poor, community-based tourism subprojects will involve poor communities in the tourism economy while protecting ethnic minority cultures and minimizing the adverse impacts of tourism, especially on vulnerable groups such as women, youths and the elderly. It will provide local communities with alternative means of livelihood to supplement their income. The Project will train village guides employed by tour companies as cultural and nature interpreters, assist communities in setting up income-earning home-stays and community lodges, support producers of handicrafts to improve their quality and techniques for selling to tourists, and support traditional arts and cultural performances.

58. **Economic Benefits.** Economic analysis has been undertaken in accordance with ADB's guidelines, including *Guidelines for the Economic Analysis of Projects* (1997), *Handbook for Integrating Poverty Impact Assessment in the Economic Analysis of Projects*, and *Guidelines for Integrating Risk Analysis in the Economic Analysis of Projects*. The analyses included examining alternatives and least-cost analysis of project development options. Calculations of the economic internal rate of return (EIRR) and sensitivity analyses have been undertaken for the four subprojects under output 1, a sample pro-poor tourism development subproject under output 2, and the NSEC under output 3. The analysis found that the EIRRs for the six subprojects range from 16.6% for the pro-poor tourism subproject to 22.8% for the subproject in Phang Nha Ke

Bang. The EIRRs are more sensitive to reductions in the number of tourists than to increases in costs, but all subprojects remain reasonably robust. Developing tourism corridors will create economic opportunities for local communities located along them to establish tourism enterprises, lengthen the time tourists spend in the subregion, and generate jobs. Governments will be able to collect more taxes that can be used to improve community facilities and services. The improved infrastructure required for tourism can be used by local residents, and tourism can stimulate the expansion of such economic activities as fishing, farming, handicraft production, and other manufacturing. Tourism stimulates the development of new and improved cultural and commercial facilities that can be used by local residents and tourists. Increased tourism will provide financial resources for the conservation of important natural areas, historical sites, and cultural traditions and arts. The Project will raise the service standards of personnel in small-scale hospitality establishments in the participating countries that will make the tourism industry more competitive.

59. **Financial Benefits.** Financial analysis has been undertaken for the four subprojects under output 1 and for the NSEC under output 3, based on the least-cost options identified in the economic analysis. The analysis sought to assess if the subprojects can generate sufficient revenues from entrance fees or user charges and retain them to pay for the O&M of project facilities to ensure their financial sustainability. Cost-recovery mechanisms under the Project include the establishment or expansion of entrance fees to three of the subprojects (Siphandone, Phang Nha Ke Bang, and Bac Kan) and sites along the NSEC, as well as an environmental fee for tourists staying in Vang Vieng town. From 2012, the subprojects will impose or increase the fees. It is conservatively assumed that demand between 2016 and 2020 will not increase over that of 2015. The analysis concluded that the subprojects will generate sufficient income from tourists to pay for the O&M of the facilities and obtain modest surpluses, which can be invested in the project sites. Sensitivity analyses prepared for each project concluded that cash flows are more sensitive to a reduction in the number of tourists than to an increase in O&M costs.

60. **Environmental Impacts.** The Project is classified as environment category B. It is designed to improve residents' quality of life and the physical environment. IEEs were prepared for each of the two subprojects under output 1 for each country. IEEs for the likely interventions under components 2 and 3 were prepared for each country. Because infrastructure interventions will be small, the likely environmental impacts will be temporary, minor, and localized. They can be minimized to acceptable levels with mitigation measures and monitoring programs identified in the IEEs. Environmental mitigation measures requiring action by the contractors will be incorporated into contracts for civil works. Environmental assessment and review frameworks (EARF) were prepared for each country to provide adequate guidance for PCUs and PIUs in screening subprojects, determine appropriate mitigation for any negative impacts identified, and implement environmental management and monitoring during project implementation and beyond. For small-scale infrastructure interventions to be identified under components 2 and 3, a cluster of IEEs will be prepared for each participating province to document the screening results of all interventions. If any of the screening results indicate a need for further environmental analysis, individual IEEs will be prepared for each intervention that requires further analysis and submitted to ADB for review prior to awarding the civil works contract. A summary IEE for the Lao PDR is in Appendix 13. The summary IEE for Viet Nam, all remaining IEEs, and the EARFs are in Supplementary Appendix F.

61. **Resettlement Impacts.** Efforts have been made to minimize and, where possible, avoid LAR. However, minimal LAR with relatively small impacts is required: relocating a few households, temporarily relocating businesses, and using public land for the construction of small markets, parking lots, covered bus stops, river landings and stairs, cultural and interpretation centers, refreshment stands, walkways, footbridges, toilets with water supply, ticket booths, lodges, prayer pavilions, and signage. In accordance with ADB's *Involuntary Resettlement Policy* (1995) and *Handbook on Resettlement*, resettlement frameworks for each

participating country and short resettlement plans for the subprojects in the Siphandone Wetland (Lao PDR) and Phong Nga Khe Bang (Viet Nam) have been prepared based on an inventory of losses and socioeconomic surveys, including focus-group discussions with affected people and provincial authorities. One household will lose about 900 square meters of land to the subproject in Phong Nga Khe Bang National Park, and the subproject in the Siphandone Wetland will temporarily affect 28 stall owners and require three households to be relocated. Affected people will be compensated for their losses at full replacement cost at current market prices and provided with transition allowances and rehabilitation. Additional support will be extended to the poor and vulnerable and female-headed households. The resettlement frameworks will guide planning for any unforeseen LAR during project implementation. An international resettlement consultant for each country will build capacity in the PCUs and PIUs. The summary resettlement plan and framework is in Appendix 14.

B. Risks

62. **Market Risks.** Project benefits will depend on the number of tourists visiting the sites, which could fall in response to weak marketing strategies; low quality of service; site deterioration from weak O&M; or external factors such as epidemics, terror attacks, or natural disasters. To mitigate these risks, (i) tourism demand analyses and projections were prepared using conservative assumptions and tourism surveys at project sites; (ii) each agency in charge of the O&M of facilities will prepare and maintain a business plan for risk management, especially regarding market demand; and (iii) marketing and promotion for each subproject will help meet demand targets.

63. **Project Implementation Risks.** These include delays in implementation and cost overruns. They can result from weak planning, management, administrative capability, or procedures. These risks have been mitigated by developing clearly defined and standardized procedures and providing significant technical support and training to the implementing agencies during implementation. The risk of cost overruns has been mitigated through careful and detailed cost estimation based on the experience of the MTDP.

64. **Social and Environmental Risks.** Uncontrolled tourism development can cause congestion, pollution, the illegal trafficking of people, the spread of HIV/AIDS, and the deterioration of destinations. Over-commercialization of cultural traditions may degrade cultural heritage and the cultural identity of small ethnic groups. To minimize these risks, tourism planning and management plans for each of the subprojects, based on careful assessment of carrying capacity, will be prepared and monitored through the PPMS, while assessments and specific actions will be implemented to ensure that ethnic groups/minorities benefit from, and are not disadvantaged by, tourism. Environmental analysis and management plans have been prepared. Taking into account the balance of benefits against the identified risks and approaches to mitigation, benefits are expected to outweigh costs.

V. ASSURANCES AND CONDITIONS

A. Specific Assurances

65. In addition to the standard assurances, the participating countries have given the following assurances, which are incorporated in the legal documents.

66. Conditions applicable to the two participating countries are as follows:

- (i) Counterpart funds for project implementation will be provided on time. Each of the EAs will make timely submission of annual budgetary appropriation requests to their respective MOF, and the respective MOF will ensure prompt disbursement of appropriated funds during each year of project implementation.

- (ii) Within 6 months of ADB grant and loan effectiveness, each of the EAs will establish a project website to disclose project-related information on procurement including the list of participating bidders, name of the winning bidder, details on bidding procedures, amount of contract awarded, and the list of goods/services procured.
- (iii) Within 6 months of ADB grant and loan effectiveness, each of the EAs will design and approve a grievance redress mechanism, acceptable to ADB, and establish a task force at the PCUs to receive and resolve complaints/grievances or act upon reports from stakeholders on misuse of funds and other irregularities, including grievances caused by resettlement and environmental issues. The task force will (a) make public the existence of this grievance redress mechanism through a public awareness campaign; (b) review and address grievances of stakeholders in relation to the Project, any of the service providers, or any person responsible for carrying out any aspect of the Project; and (c) proactively and constructively respond to them.
- (iv) Subprojects will be selected in accordance with the agreed selection criteria set out in Appendix 4.
- (v) Each of the participating countries' governments will ensure implementation of the agreed gender action plan, as set out in Appendix 6. In particular, each of the participating countries' governments and each participating province will ensure that the project gender action plan and the specific actions and targets are included in the project and provincial rolling work plans. Activities identified in the plan will be implemented in a timely manner and have adequate resources allocated for preparation and implementation. Gender-related targets and indicators are included in the PPMS. By midterm, each province will develop a provincial gender plan for the tourism sector, incorporating project lessons.
- (vi) Each of the participating countries' governments will ensure that they will not approve any subproject that involves significant involuntary resettlement according to ADB's *Involuntary Resettlement Policy*. Each of the participating country governments will further ensure that all land and right-of-way required for the Project shall be made available in a timely manner and adequate compensations shall be paid to affected people prior to any works contract's award. Any involuntary resettlement shall be carried out in accordance with each of the resettlement frameworks prepared by and agreed between the respective participating countries' governments and ADB, and ADB's *Involuntary Resettlement Policy*. A resettlement plan will be prepared for each subproject involving land acquisition or resettlement and will be submitted to ADB for review and approval prior to any related works contract's award. The resettlement plan for the subproject in Siphandone, which has been prepared and agreed between the Government of the Lao PDR and ADB, and the resettlement plan for the subproject in Phong Nga Khe Bang National Park, which has been prepared and agreed between the Viet Nam government and ADB, shall be updated and submitted to ADB for review and approval following detailed design and prior to work contracts' award. Any draft resettlement plans and draft updated resettlement plans shall be disclosed to affected people prior to submission to ADB for review and approval.
- (vii) Each of the participating countries' governments will comply with its respective environmental laws and regulations and ADB's *Environment Policy* (2002). If there is any discrepancy between the respective government's laws and regulations and ADB's *Environment Policy*, ADB's *Environment Policy* requirements will apply. They will ensure that the design, construction, operation and implementation of each subproject will be carried out in accordance with the IEEs and the EARFs, prepared and approved by each of the participating

countries' governments. Any adverse environmental impacts arising from the construction, operation and implementation of the subprojects will be minimized by implementing the environmental mitigation and management measures, and other recommendations specified in IEE. Each of the participating countries' governments will ensure environmental requirements are incorporated in bidding documents and contracts for works.

- (viii) Each of the participating countries' governments will ensure that the Project will be implemented in accordance with its respective government's applicable laws and regulations on indigenous peoples and ADB's *Policy on Indigenous Peoples* (1998) and will carry out the specific measures on indigenous peoples stipulated in the agreed ethnic groups/minorities development frameworks (EGMDFs), attached as Appendix 7. Each of the participating countries' governments will further ensure that indigenous peoples have equitable opportunities to participate in training, recruitment, income generation activities under the Project. The EGMDFs will be monitored as part of the overall system for the Project, and socioeconomic data will be disaggregated by sex and by ethnicity. Progress reports will provide periodic updates on the effect of the Project on ethnic groups.
67. Conditions applicable to the Lao PDR are as follows:
- (i) Within 12 months of ADB grant effectiveness, the Government will ensure that the local government of Vang Vieng will issue district regulations, acceptable to ADB, on sanitation requiring, among others (a) connecting sewage rains and septic tanks to drains in high and medium density areas, and to drains or properly designed and constructed soakaways in low density areas; (b) providing a septic tank that meets prescribed standards in each household or business located in high and medium density areas; and (c) providing on-site treatment facilities in hotels, restaurants, hospitals, and industrial enterprises to treat their wastewater.
 - (ii) Within 36 months of ADB grant effectiveness, the Government will ensure that the local government of Vang Vieng will prepare and implement a mechanism to ensure that public assets such as roads, drainage and solid waste management can generate sufficient revenues. The Government will further ensure that the revenues generated by the public asset will be used for O&M.
 - (iii) Within 36 months of ADB grant effectiveness, the provincial tourism department of Champassak will increase the current entry fee charges to the Siphandone area to a level sufficient to cover the required O&M of the tourist site facilities. Such increase will be at least 50% of the current entry fee. At least 50% of the revenues generated from the entry fee will be used for the O&M of the facilities at the tourism site.
68. Conditions applicable to Viet Nam are as follows:
- (i) Within 36 months after loan effectiveness, the park authorities of Phang Nha Khe Bang will have increased the entry fee charged to tourists visiting the area. The MTCS will ensure that at least 50% of the funds collected from the entry fee will be retained and used solely for the O&M of the facilities at the site.
 - (ii) Within 3 months after the finalization of the construction of the cultural heritage center in Bac Kan, the tourism provincial authorities will have imposed an entry fee charged to tourists visiting the center. The MTCS will ensure that at least 50% of the funds collected from the entry fee will be retained and used solely for the O&M of the facilities at the site.

B. Conditions for Grant and Loan Effectiveness

69. The following actions will be required prior to grant and loan effectiveness:

- (i) For the Lao PDR: the Viet Nam loan agreement shall have been duly executed and delivered and all conditions to the effectiveness of the Viet Nam loan agreement (other than the condition requiring the effectiveness of the grant agreement) shall have been fulfilled.
- (ii) For Viet Nam: the Lao PDR grant agreement shall have been duly executed and delivered and all conditions to the effectiveness of the Lao PDR grant agreement (other than the condition requiring the effectiveness of the loan agreement) shall have been fulfilled.
- (iii) For both Lao PDR and Viet Nam: the government of each participating country will have established the NPSC.

VI. RECOMMENDATION

70. I am satisfied that the proposed loan and grant would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve

- (i) the loan in various currencies equivalent to Special Drawing Rights 6,479,000 to the Socialist Republic of Viet Nam for the Greater Mekong Subregion Sustainable Tourism Development Project from ADB's Special Funds resources with an interest charge at the rate of 1.0% per annum during the grace period and 1.5% per annum thereafter; a term of 32 years, including a grace period of 8 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft Loan Agreement presented to the Board; and
- (ii) the grant not exceeding the equivalent of \$10,000,000 to the Lao People's Democratic Republic from ADB's Special Funds resources, for the Greater Mekong Subregion Sustainable Tourism Development Project, on terms and conditions substantially in accordance with those set forth in the draft Grant Agreement presented to the Board.

Haruhiko Kuroda
President

23 September 2008

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risk
<p>Impact</p> <p>A sustainable, culturally and environmentally sound, pro-poor tourism approach for the GMS developed</p> <p>Preservation of natural and cultural heritage</p>	<p>By 2016 in the GMS:</p> <ul style="list-style-type: none"> • Receipts from international tourism increased from \$23 billion to \$55 billion. • 52 million International tourist arrivals • 1.2 million new jobs in the tourism sector created • 50% of world heritage sites well preserved and 30% of tourism income from visitor site entry fees is re-invested in conservation and protection 	<ul style="list-style-type: none"> • Reports and statistics from government agencies, development partners, and nongovernment organizations 	<p>Assumption</p> <ul style="list-style-type: none"> • Adequate human resources to implement environmental and cultural heritage protection laws, regulations, and guidelines in place <p>Risks</p> <ul style="list-style-type: none"> • Adverse economic or social upheavals such as war, political instability, or natural disasters occur • Governments are unable to mobilize public and private resources to implement strategic GMS projects.
<p>Outcome</p> <p>Sustainable tourism development that creates livelihood opportunities for the poor</p>	<p>By 2013 in the project areas:</p> <ul style="list-style-type: none"> • 60,000 people benefit directly and 300,000 indirectly from tourism development, of which at least 30% are women and 37% are poor • The number of international tourist arrivals at each project site increases by 30% compared with 2008 levels • Tourists' average daily expenditure increases by 20% • International tourists' average length of stay increases by 1 day at each project site 	<ul style="list-style-type: none"> • Review missions and biannual project steering committee meetings • Project survey reports • Performance monitoring and impact evaluation reports • Official government reports and statistics • Reports of other bilateral and multilateral agencies • Project completion report 	<p>Assumptions</p> <ul style="list-style-type: none"> • Adequate planning mechanisms and regulation are in place and enforced. • Tourists continue to demand sustainable tourism products. <p>Risks</p> <ul style="list-style-type: none"> • Uncontrolled tourism causes congestion, increased pollution, and the deterioration of the destinations. • Over-commercialization of cultural traditions degrade cultural heritage and the identity of ethnic minorities.
<p>Outputs</p> <p>1. Model sustainable tourism development projects protecting the environment and cultural heritage developed in 4 sites:</p> <p>Siphandone Wetland (Lao PDR)</p> <p>Vang Vieng town environmental improvement (Lao PDR)</p> <p>Phong Nha Ke Bang National Park (Viet Nam)</p>	<p>By 2013, for each site:</p> <ul style="list-style-type: none"> • Protection and access infrastructure (access roads, markets, viewing points, walking trails and signage, information and visitor centers, access and parking, river piers, community lodges, and sanitary facilities) installed, operated, and maintained • Site managers and operators trained on sustainable tourism 	<ul style="list-style-type: none"> • Performance monitoring and evaluation reports • Monitoring of water quality, pollution levels, and levels of solid and liquid waste generation, treatment, and disposal. • Environmental awareness surveys for communities and for residents and businesses in core town areas 	<p>Assumptions</p> <ul style="list-style-type: none"> • Site managers able to acquire necessary technical and management capacities • Government authorities willing to cooperate with local communities living in the project areas

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risk
Ethnic minority cultural Heritage development in Bac Kan (Viet Nam)	practices <ul style="list-style-type: none"> • Tourism master plans developed • GMS manuals on nature-based, urban, and ethnic minority tourism in the GMS developed • Gender-sensitive public awareness programs implemented 	<ul style="list-style-type: none"> • Project completion report 	
2. Pro-poor, community-based, supply-chain tourism projects operational	Manual on CBT and tourism value chain development in the GMS produced <p>For each of the 11 participating provinces:</p> <ul style="list-style-type: none"> • At least 1 CBT tour circuit, 1 tourist site, and 1 supply-chain subproject developed and operational • Gender-sensitive training program on environment, culture, and tourism for tour operators and guides developed and implemented • Ethnic minority and gender participation program produced • Guidebooks, brochures, and website produced • Monitoring program established and annual report published • At least 2,000 people trained in each province, of which at least 30% are women 	<ul style="list-style-type: none"> • Quarterly project progress reports • Review missions and biannual project steering committee meetings • Number of hits each new CBT tour or destination generates on internet web-searches • Interviews with tourists, tour operators and guides, hotel and destination managers, merchants, and communities • Performance monitoring and evaluation reports • Annual pro-poor monitoring report • Project completion report 	Assumptions <ul style="list-style-type: none"> • Local authorities committed to pro-poor tourism development • Planning and environmental controls and enforcement measures in place • Communities willing and able to operate and maintain small tourism infrastructure • Governments recruit qualified staff and consultants to perform management and coordination
3. GMS tourism corridors developed	For each of the two economic corridors (north-south corridor in the Lao PDR and east-west corridor in the Lao PDR and Viet Nam) <ul style="list-style-type: none"> • Infrastructure (access roads, signage, information centers, viewing points) installed, operated, and maintained in 5 sites • Tourism corridor management plan with section on gender and ethnic groups produced • Guidebooks, brochures, and website 	<ul style="list-style-type: none"> • Review missions and biannual project steering committee meetings • Interviews with tourists, tour operators and guides, hotel and destination managers, merchants, and communities • Performance monitoring and evaluation reports • Annual destination monitoring report • Project completion report 	Assumptions <ul style="list-style-type: none"> • Communities willing and able to operate and maintain small infrastructure • Movement of tourists along economic corridors increases • Countries are willing to cooperate to develop common approaches for tourism corridors.

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risk
	<ul style="list-style-type: none"> produced • Monitoring and evaluation program established and annual report published • Combined manual on developing tourism corridors in the GMS produced • At least 2,000 people trained in each province, of which at least 30% are women 		
4. Human resources in the tourism sector developed	<ul style="list-style-type: none"> • At least 800 tourism officials, 40% of them women, have been trained to plan and manage sustainable tourism projects. • At least 400 trainers and 180 master trainers are trained, 40% of which will be women. 	<ul style="list-style-type: none"> • Post-training evaluations and reports, including student feedback and evaluations • Performance monitoring and evaluation reports • Project completion report 	Assumptions <ul style="list-style-type: none"> • Tourism officials attend the training sessions and apply the knowledge. • Trainers are willing to conduct training sessions and apply acquired knowledge.
5. Efficient project implementation services are operational	<ul style="list-style-type: none"> • PCUs and PIUs fully staffed and operate efficiently • Provincial gender and ethnic participation plans are implemented 	<ul style="list-style-type: none"> • Post-training evaluations and reports, including student feedback and evaluations 	Governments can recruit qualified staff and consultants to perform the variety of tasks envisioned under the Project.
Activities with Milestones Output 1: 1.1 Heritage-based tourism master plans, zoning, and management plans (2009–2010) 1.2 Small tourism-related infrastructure such as access roads, boat landings, pathways and trails, and drainage and waste management systems (2010–2012) 1.3 Capacity development and livelihood support programs for local communities, especially women, youths, and ethnic groups to develop and operate community-based tourism enterprises and revitalized cultural industries (2009–2011) 1.4 Gender and ethnic minorities development program (2010) 1.5 Database and geographical information system on cultural practices and indigenous knowledge of the area (2010) 1.6 Public awareness program on natural and cultural resource conservation and protection; respect for cultural heritage; trafficking of wildlife and antiquities, efficient waste management practices, HIV/AIDS, and other tourism-related issues (2009–2010) 1.7 Marketing and promotion program and materials to promote sustainable tourism and cultural products (2011–2012) 1.8 Institutional strengthening and capacity building in the agencies in charge of operating and maintaining project facilities (2011–2012) 1.9 Manuals to guide the preparation and implementation of future GMS tourism subprojects focused on wetlands, protected areas, urban sites, and ethnic minorities (2011–2013) 1.10 Monitoring and evaluation program (2009–2013) Output 2: 2.1 Development of community-based tourism tour products and services (2009–2010) 2.2 Public awareness program for tourism-related activities (2009–2010)			Inputs Project Cost: \$21.98 million Lao PDR \$10.87 million Viet Nam \$11.11 million Funding Sources: Lao PDR Component: ADB \$10.00 million ADF grant Government of the Lao PDR \$0.87 Viet Nam Component: ADB \$10.00 million ADF loan Government of Viet Nam \$1.11 million

Activities with Milestones	Inputs
2.3 Identification and development of tourism-related supply chain initiatives (2009–2010)	
2.4 Capacity development in tourism-related SMEs and communities (2009–2011)	
2.5 Construction of small-scale tourism-related infrastructure (2010–2012)	
2.6 Gender and ethnic minority development program (2010)	
2.7 Marketing and promotion program (2011–2012)	
2.8 Joint manual to guide the preparation and implementation of pro-poor tourism initiatives in the GMS coordinated between the Lao PDR and Viet Nam (2011–2013)	
2.9 Monitoring and evaluation program (2009–2013)	
Output 3:	
3.1 Preparation of tourism development and management plans for individual sites and for each economic corridor (2009–2010)	
3.2 Construction of tourism-related infrastructure along the corridors, including access roads, parking lots, ticket booths, information centers, walking trails, markets, interpretation and sanitary facilities (2010–2012)	
3.3 Community awareness and livelihood support program (2009–2011)	
3.4 Tourism management training for site managers and local tour-guide training program (2009–2011)	
3.5 Marketing and promotion program (2011–2012)	
3.6 Gender and ethnic minority development program (2010)	
3.7 Public awareness program for HIV/AIDS, human trafficking, drug abuse and other tourism-related issues (2009–2010)	
3.8 Joint manual on procedures and practices to develop GMS tourism corridors coordinated between the Lao PDR and Viet Nam (2011–2013)	
3.9 Monitoring and evaluation program (2009–2013)	
Output 4:	
4.1 Review of the existing training needs assessment for staff in tourism SMEs and public tourism officials (2009–2011)	
4.2 Revision or development of service standards for tourism and hospitality enterprises and related training standards based upon ASEAN models and the training needs assessment (2009–2011)	
4.3 Development of gender- and ethnic-sensitive and -inclusive training kit and manuals, teacher training materials and case studies, best practices, and lessons (2009–2011)	
4.4 Production of CD ROMs and web-based training materials	
4.5 Development and maintenance of a web-based knowledge center, which will be accessible in all GMS countries (2009–2011)	
4.6 Translation of training manuals into Lao, Vietnamese, and minority languages (2009–2011)	
4.7 Support to the selected training institutions in each country (2009–2011)	
4.8 Training of master trainers, trainers, and government officials (2010–2013)	
4.9 Monitoring and evaluation program (2009–2013)	
Output 5:	
5.1 International and national consulting services with expertise in tourism sector development, heritage preservation and development, financial accounting, social and gender development, resettlement, environment, civil engineering and supervision, project performance management system development, ecotourism, supply chains, and human resource development (2009)	
5.2 Support for overall project implementation and coordination (2009–2013)	
5.3 Capacity development for the PCUs and PIUs (2009–2011)	
5.4 External monitoring for resettlement (2010–2011)	
5.5 Project auditing (2010–2013)	
5.6 Intermittent monitoring and evaluation of the overall Project by an independent consultant or institution (2011–2013)	

ASEAN = Association of Southeast Asian Nations, CBT = community-based tourism, GMS = Greater Mekong Subregion, PCU = project coordination unit, PDR = people's democratic republic, PIU = project implementation unit, SME = small and medium-sized enterprises.

TOURISM-RELATED EXTERNAL ASSISTANCE TO THE GREATER MEKONG SUBREGION

**Table A2.1: Tourism-Related Projects and Technical Assistance
with the Asian Development Bank**

Project/Technical Assistance	Year	Amount (\$'000)
A. Projects		
GMS-LAO: Northern GMS Transport Network Improvement (Lao PDR)	2007	88,500
GMS Southern Coastal Corridor (Cambodia and Viet Nam)	2007	227,400
Greater Mekong Subregion: Kunming–Hai Phong Transport Corridor–Noi Bai–Lao Cai Highway Project (ADF) (Viet Nam)	2007	1,216,000
GMS Kunming–Haiphong Transport Corridor: Yen Vien–Lao Cai Railway Upgrading Project (Viet Nam)	2006	160,000
Nam Theun 2 Hydroelectric Project (Lao PDR)	2005	1,250,000
GMS Regional Communicable Diseases Control (Lao PDR, Cambodia, and Viet Nam)	2005	30,000
North–South Economic Corridor (Lao PDR)	2004	30,000
Mekong Tourism Development Project (Lao PDR, Cambodia, and Viet Nam)	2003	35,000
East–West Corridor Project (Lao PDR and Viet Nam)	1999	76,000
Phnom Penh–Ho Chi Minh City Highway (Cambodia and Viet Nam)	1998	197,500
Siem Reap Airport (Cambodia)	1996	17,000
B. Technical Assistance		
Enhancing Transport and Trade facilitation in the Greater Mekong Subregion	2008	1,900
Facilitating Regional Power Trading and Environmentally Sustainable Development of Electricity Infrastructure in the Greater Mekong Subregion	2007	5,000
Implementation of the Greater Mekong Subregion Cross-Border Transport Agreement	2006	860
GMS Tourism Strategy Sector	2005	850
GMS Phnom Penh Plan for Development Management Phases I, II, and III	2005– 2008	5,323
Strengthening Malaria Control Strategies for Ethnic Minorities	2005	850
Business Environment in GMS	2005	500
Core Environment Program and Biodiversity Corridor Initiative in GMS	2005– 2008	32,770
Preventing the Trafficking of Women and Children and Promoting Safe Migration in the GMS	2004	700
GMS Preinvestment Study for the East–West Corridor	2001	350
Preventing HIV/AIDS among Mobile Populations in the GMS	1999	610
Tourism Skills Development in the GMS	1998	135
Protection and Management of Critical Wetland in the Lower Mekong Basin	1998	2,070
Mekong–Lancang River Tourism Planning Study	1997	655

ADB = Asian Development Bank, GMS = Greater Mekong Subregion, Lao PDR = People's Democratic Republic.
Source: Asian Development Bank.

**Table A2.2: Other Technical Assistance for the Tourism Sector
in the Lao PDR and Viet Nam**

Project	Year	Institution	Amount (\$'000)
Lao PDR			
NZAID Tourism Support Program	2008	NZAID	—
Strengthening Human Resources in the Tourism and Hospitality Industry	2008	Lux. Dev.	5,000
National Tourism Strategy Implementation Support Program	2008	NZAID	2,500
Tourism Development on the East–West Corridor	2008	JICA	—
Nam Khan Eco-Valley Project	2008	AFD	—
Preparation of Tourism Law	2007	UNWTO, SNV	50
Cultural Heritage Specialist Guide Training Program at UNESCO World Heritage Sites	2006	ADB, UNESCO	—
Facilitation of Tourism on the East–West Corridor	2006	JICA	—
Xe Pian Ecotourism Project	2006	WWF	400
Marketing Sustainable Tourism in Lao PDR	2006	EU, SNV	250
Plain of Jars Heritage Tourism Program	2005	NZAID, UNESCO	450
Marketing Support for the Lao PDR	2005	IFC	—
EU Community-Based Ecotourism Program	2003	EU	100
GTZ Community-Based Tourism Program	2002	GTZ	—
SNV Sustainable Tourism Support Program	2000	SNV	—
Nam Ha Ecotourism Project	1999	NZAID, UNESCO	850
DED Tourism Support Program	1999	DED	—
Support to Revise the National Tourism Plan	1997	UNDP	210
Viet Nam			
Green Corridors Project	2008	WWF	—
SME Development Program, Tourism Value-Chains in Quang Binh	2008	GTZ	—
Capacity Building for the Development of Agro-tourism Business in Vietnam: Lao Cai, Son La Provinces	2008	Agreterria, SNV	—
Supporting Formulization of Vietnam Tourism Marketing Plan	2008	AECI	64
Supporting Livelihood Improvement and Biodiversity Conservation in Bach Ma National Park	2008	IUCN	23
Feasibility study: Community-Based Tourism Model in Da Krong, Quang Tri	2008	Government of Finland	—
Nature Conservation and Sustainable Management of Natural Resources in the Phong Nha Ke Bang National Park Region	2007	KfW, GTZ	12,000
ST-EP Project: Ha Tay Handicraft Villages Tourism Project: Ha Tay Province	2007	UN-WTO, SNV	180
Implementation of the Law on Tourism for Sustainable Development and Poverty Reduction	2007	UN-WTO, SNV, AECI	120
Raising Awareness and Strengthening Policy Making Capacity for the Development of Sustainable Tourism	2007	EU	64
Cultural Heritage Specialist Guide Training Program at UNESCO World Heritage Sites	2006	ADB, UNESCO	20
Tourism Marketing Support Programme	2005	IFC	—
Hospitality and Tourism Development in Vietnam	2003	Lux. Dev.	13,000
Pu Luong Nature Reserve Community-Based Tourism Project	2003	FFI, DED,	—
EU-HRD in Tourism Project	2002	EU	10,000
SNV Sustainable Tourism Support Programme	2000	SNV	—

— = data not available

ADB = Asian Development Bank; AECI = Spanish Development Cooperation; AFD = Agency France Pour Development; DED = German Development Service; EU = European Union; FFI = Flora and Fauna International; GMS = Greater Mekong Subregion; GTZ = German Technical Cooperation; IFC = International Finance Corporation; IUCN = World Conservation Union; JICA = Japan International Cooperation Agency; KfW = German Financial Cooperation; Lao PDR = People's Democratic Republic; Lux. Dev. = Luxembourg Development; NZAID = New Zealand International Development Agency; UNDP = United Nations Development Programme; SNV = Netherlands Development Organization; UNESCO = United Nations Educational, Scientific, and Cultural Organization; UNWTO = United National World Tourism Organization; WWF = World Wildlife Fund.

Source: Asian Development Bank.

LESSONS IDENTIFIED

1. The Asian Development Bank (ADB)-financed Greater Mekong Subregion (GMS): Mekong Tourism Development Project (MTDP) and other projects undertaken in the subregion such as the Luxembourg Development-supported Strengthening the Hospitality and Tourism Sector Programme in Viet Nam and the United Nations Educational, Scientific, and Cultural Organization-Lao National Tourism Administration (LNTA) Nam Ha Ecotourism Project in the Lao People's Democratic Republic (Lao PDR) are rich sources of lessons that have been incorporated in the design of the Sustainable Tourism Development Project (the Project).

2. The main lessons concerning project coordination, management, implementation, and administration are the following:

- (i) The roles and responsibilities of the subregional project steering committee, national project steering committee, project coordination units (PCUs), and project implementation units (PIUs) need to be clearly defined.
- (ii) Five-year indicative work plans and 6-month detailed work plans and budgets at the subproject level should be prepared and approved upon project inception.
- (iii) Biannual planning meetings must be organized between the PCU and each PIU to review project progress, achievements, and any need to modify the original plan, as well as to plan for the next semester. The meeting should be chaired by a senior member of the Executing Agency to ensure that there is political support and an understanding of the project among senior decision makers nationally and provincially.
- (iv) The 6-month action plans of the Project should be given priority funding in a flexible approval framework to ensure strong counterpart commitment and morale and momentum in project implementation.
- (v) Clear and effective project implementation planning and reporting systems and forms in the local language need to be developed at the beginning of the Project.
- (vi) A manual of procedures for administering small contracts and a standardized contract format acceptable to ADB and the government of each participating country needs to be prepared.
- (vii) In the PCU and PIUs, a finance officer and an accountant should be contracted and given adequate training to ensure that financial reporting to ADB and national governments is properly managed.
- (viii) Training on project procedures, especially financial management, should be provided to PCUs and PIUs. Follow-up audits and refresher courses conducted by an international or national consultant familiar with ADB and government financial procedures should be undertaken throughout the course of the Project.
- (ix) A communications plan to publicize the project outcome and outputs to other stakeholders and the public in general should be developed during the first 6 months of the project and implemented as part of the project's awareness-raising activities.
- (x) The Project should actively seek partnerships with other development partners, and standard agreements should be prepared in advance and incorporated into the implementation plan of the Project and manuals of procedures.
- (xi) Leaders of national tourism organizations should establish a mentoring program where experienced staffers partner with junior staffers to teach them how to effectively manage large, donor-financed projects.
- (xii) Well-defined job descriptions and wide advertising of PCU and PIU positions should be prepared to ensure that competent people are recruited to fill project positions. Additional financial compensation for counterpart staff should be provided as an incentive.

- (xiii) Attention needs to be paid to recruiting international consultants that can work effectively in the environment and culture of the participating countries. Detailed terms of reference with clearly defined job and ideal candidate descriptions need to be prepared.
- (xiv) The selection of pro-poor tourism interventions for assistance should adhere to a set of criteria that includes the development of tourist attractions, tour circuits, and value chain interventions.
- (xv) To avoid spreading resources too thin, the Project should aim to develop one model suite of pro-poor interventions in each participating province that includes the development of a tour site that can be operated by the local community, a tour circuit that is operated as a public-private-community partnership, and one value chain intervention.
- (xvi) The Project should promote the establishment of provincial inbound tour operators to raise the number of distribution outlets that develop and market local tour circuits and destinations.
- (xvii) To ensure that local people retain ownership of tourism resources and have access to income-generating opportunities, the Project should work with communities and government authorities to train and allow local people to operate tourist attractions under formal management agreements or community concessions.
- (xviii) To help the PIUs, communities, and local authorities establish community-concessions, the Project should develop a set of standard procedures and guidelines for doing so.
- (xix) When communities operate tourist attractions under formal management agreements, community concessions, or public-private-community partnerships, mechanisms must be in place to ensure that a portion of financial benefits reaches the poorest members of the community. Some ways to accomplish this are to provide an annual dividend payments to each family or direct a portion of tourism revenues into village funds that can be accessed by the entire community.
- (xx) Encouraging international and domestic investors to construct nature resorts in remote areas creates employment opportunities for the poor and demand for agricultural products, handicrafts, labor, building materials, transportation, and other tourism-related services that the poor can provide. The Project should actively promote this type of investment.
- (xxi) Pro-poor tourism subprojects require substantial investments in awareness raising, training, capacity building, and marketing and promotion. The Project should allocate a significant portion of resources to these tasks.
- (xxii) Approaches to sustainable tourism development that are gender sensitive and inclusive of ethnic groups, youths, and the disadvantaged should be set out in a strategy and mainstreamed into project activities by a dedicated social specialist in each PIU.
- (xxiii) The project must allocate adequate resources to implement a performance monitoring and evaluation system that allows the PCUs and PIUs to identify and correct mistakes as well as gather information on successful initiatives that can be communicated to senior decision makers and the public at large.

SUBPROJECTS' SELECTION CRITERIA

1. The Sustainable Tourism Development Project (the Project) employs two sets of selection and evaluation criteria: (i) one set used during project preparation to select the current list of subprojects under the project outputs and (ii) another set to be used during project implementation to (a) prioritize the demonstration subprojects under outputs 2 and 3; (b) select training institutions for implementing output 4; and (c) chose the group of master trainers, trainers of trainers, and public officials to receive training in output 4.

A. Selection and Evaluation Criteria During Project Preparation

2. During project preparation, a set of selection criteria was applied to a long list of more than 120 candidate subprojects. In the Lao PDR, the criteria helped to prioritize the two subprojects selected under output 1, six provinces under output 2, and the Greater Mekong Subregion (GMS) north–south and east–west economic corridors under output 3. In Viet Nam, the criteria helped to prioritize two subprojects under output 1, five provinces under output 2, and the GMS east–west economic corridor under output 3. The criteria also helped to prioritize two training programs for both the Lao People's Democratic Republic (Lao PDR) and Viet Nam under output 4.

B. Selection and Evaluation Criteria During Project Implementation

3. **Pro-Poor, Community-Based, Supply-Chain Tourism Subproject Sites.** The Project will select a complimentary combination of pro-poor interventions in each province, including at least (i) one standalone individual tourist attraction such as a waterfall, cave, or historic site; (ii) one tour circuit such as a trekking route or tour; and (iii) one value chain involving a cluster of villages producing goods and services such as agricultural goods or handicrafts. The estimated cost of infrastructure at each site shall be about \$100,000 in the Lao PDR and \$110,000–\$150,000 in Viet Nam. The infrastructure may include, but is not limited to, markets, viewing points, walking trails and signage, information and visitor centers, access and parking, river piers, community lodges, sanitary facilities, and the development of natural sites within a pro-poor, community-based tourism-development framework.

4. The selection of sites will be determined by the following set of criteria:
- (i) The area should include a cluster of villages and communities in a district or province centered around a staging town as gateway and main dormitory.
 - (ii) It shall be safe and secure from internal and external threats and dangers (e.g., group conflicts, unexploded ordnance, etc.).
 - (iii) It should be accessible by an existing road within 5 km, which may require a small investment for minor upgrading to enhance access.
 - (iv) It should include many people living below the poverty line, especially in small and/or minority communities.
 - (v) It should have a mix of natural and cultural tourism attractions of strong interest to tourist markets.
 - (vi) An existing flow of tourists should already exist, which can be enhanced with modest interventions and generate substantial additional income.
 - (vii) Strong and proven market demand should exist for the type of product that will be developed.
 - (viii) Tourist attractions should include many local community stakeholders whose tourist-hosting skills require strengthening.
 - (ix) Agencies in charge should have capacity to implement and operate the Project.
 - (x) Consent and agreement should be reached with participating communities to enter into a joint-management contract for operating and managing the site once it is developed.

- (xi) Strong support and commitment must come from key stakeholders (e.g., local communities, tourism and related agencies, private tour operators and carriers, and development partners and nongovernment organizations).
- (xii) Cost-recovery mechanisms for recurrent operating costs should be in place, or there should be a clear willingness to put them in place.
- (xiii) No significant land acquisition or resettlement should be required, in accordance with the land acquisition and resettlement framework for the Project.¹
- (xiv) No relocation of small or minority villages should be required, in accordance with the country-specific ethnic minority development framework for the Project.
- (xv) No significant environmental impacts are associated with the intervention in accordance with the Project's environmental assessment and review framework.

5. These criteria will be used for screening and is complemented by a number of other evaluating steps, especially local communities' willingness to participate. Some of the steps are highlighted in the detailed project description and implementation manual in Supplementary Appendix G.

6. **GMS Tourism Corridor Subproject Sites.** Subprojects sites along the north–south economic corridor (NSEC) and east–west economic corridor (EWEC) may include, but are not limited to, markets, viewing points, walking trails and signage, information and visitor centers, access and parking, river piers, community lodges, sanitary facilities, and the development of natural sites. The sites will be selected according to of the following criteria:

- (i) Small-scale improvements (e.g., scenic viewpoints) shall be done along the NSEC and EWEC to enhance tourist attractions or shall be adjacent to both economic corridors (i.e., within 10 km of the main road along an existing access road). The total number of improvements along the NSEC and EWEC is undefined, but the cost for each small-scale infrastructure improvement shall not exceed \$150,000 in the Lao PDR or \$180,000 in Viet Nam.
- (ii) The area shall be safe and secure from internal and external threats and dangers (e.g., group conflicts, unexploded ordnance, etc.).
- (iii) Agencies in charge of the site should have the capacity to implement and operate the Project.
- (iv) Strong support and commitment should come from key stakeholders (e.g., local communities, tourism and related agencies, private tour operators and carriers, and development partners and nongovernment organizations).
- (v) Consent and agreement must be obtained from the ministry responsible for road operations and maintenance to develop roadside viewing points and construct common signage along the NSEC and EWEC.
- (vi) No significant land acquisition or resettlement should be required, in accordance with the land acquisition and resettlement framework for the Project.²
- (vii) No relocation of any small or minority village should be required for tourism development, in accordance with the ethnic minorities development framework for the Project.
- (viii) No significant environmental impacts associated with the intervention should be required, in accordance with the Project's environmental assessment and review framework.

7. **Selection of the Training Institution.** Two training institutions will be selected in each country under output 4 by the consultant qualification selection procedure. One will train master

¹ Fewer than 200 people will experience major impacts, which are defined as being physically displaced from housing or losing 10% or more of their income-generating assets. This is the threshold applied for the entire output, containing up to 2–3 sites per province (total of about 15 sites).

² Major impacts are defined in footnote 2. The threshold is applied for the entire output, containing up to seven sites along the NSEC and one site along the EWEC in the Lao PDR and ten sites along the EWEC in Viet Nam.

trainers and trainers of trainers in small-scale tourism and hospitality operation, while the other will train public officials in pro-poor tourism planning and management. A set of criteria has been developed and will be refined during implementation by the human resource development specialist. The training institution shall

- (i) be an existing vocational training and education institution in the Lao PDR or Viet Nam with at least 5 years of demonstrated experience in delivering training programs in tourism development;
- (ii) have sufficient classrooms, accommodation, staff, and teaching facilities to deliver the specified training and demonstrate its commitment to improving the quality of its training facilities and programs to accommodate the human resource development output for this Project;
- (iii) be one of the GMS tourism training and education institutions and/or be willing to accommodate interested trainees from other GMS countries;
- (iv) be accessible to all participating project provinces;
- (v) have a partnership with an international training institution, if necessary, which will help train the master trainers in English; and
- (vi) have demonstrated its ability to manage training courses in English.

8. Selection of Master Trainers, Trainers of Trainers, and Public Officials. Each training course under output 4 will train a group of master trainers that will then train a group of additional trainers or public officials in the tourism sector or related field.

- (i) The training on small-scale tourism and hospitality operation will focus on training 40 master trainers in each country.
- (ii) Scholarships for 40 master trainers (20 in the Lao PDR and 20 in Viet Nam) will be available, of which at least 50% shall be for qualified women and 30% for qualified men or women from provinces with high ethnic minority representation (e.g., Bac Kan and Cao Bang).
- (iii) The master trainers will train up to 200 trainers in each country from small and medium-sized enterprises (e.g., guesthouses or restaurants) in villages, districts, and provinces in the project area. At least 40% of these trainers shall be women, and about 30% of the trainers shall be qualified men and women from provinces or districts with high ethnic minority representation.
- (iv) The training of public officials in tourism or tourism-related sectors will focus on training 50 master trainers in each country, who will train up to 400 public officials from project provinces in each country.
- (v) Scholarships for 60 public official master trainers (30 in the Lao PDR and 30 in Viet Nam) will be available, of which 50% shall be for qualified women and 30% for qualified men or women from provinces with high ethnic minority representation (e.g., Bac Kan and Cao Bang).
- (vi) About 400 public officials in the Lao PDR and 400 public officials in Viet Nam will be selected to attend training courses in pro-poor tourism planning and management, with specific topics on environmentally sustainable tourism, culturally sensitive tourism, and gender-inclusive tourism. About 40% of all officials trained shall be women, and about 30% of all officials trained shall be from the provinces or districts with high ethnic minority representation.

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country/Project Title: Greater Mekong Subregion Sustainable Tourism Development			
Lending/Financing Modality:	Project Loan and Grant	Department/Division:	Southeast Asia Department/Social Sectors Division
I. POVERTY ANALYSIS AND STRATEGY			
A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy			
<p>The Project will support pro-poor and environmentally and socially sustainable tourism development. It supports Viet Nam's 5-year socioeconomic development plan (SEDP) 2006–2010 and the comprehensive poverty reduction and growth strategy. The strategies aim for sustained annual growth of 7.5%, the elimination of hunger by 2010, and the halving of poverty from 2002 to 2010. Sustainable growth, inclusive social development, good governance, and regional cooperation in the GMS are the main priorities, and tourism is emerging as a key sector for achieving them. In the Lao People's Democratic Republic (Lao PDR), the National Growth and Poverty Eradication Strategy (NGPES) lists tourism as a key sector supporting growth. Cross-sector priorities include gender, information, culture, population, social security, and capacity building, all key activities of the Project. The NGPES aims to reduce the percentage of poor households to 15%.</p> <p>In the GMS regional cooperation strategy and program 2007–2009, the four key strategic pillars are (i) strengthening connectivity and facilitating cross-border movement and tourism; (ii) integrating national markets to promote economic efficiency and private sector development; (iii) addressing health and other social, economic, and capacity-building issues; and (iv) managing the environment and shared natural resources to help ensure sustainable development and the conservation of natural resources. The Project is closely aligned with all four pillars. ADB's country strategy and program (CSP) for Viet Nam 2007–2010^a is directly linked to supporting the SEDP's targeted outcomes. Support will be directed toward achieving social equity and improving environmental management. Promoting regional cooperation and gender development is key. The CSP 2007–2011 for the Lao PDR^b focuses on sustainable economic growth, accelerating progress in non-income Millennium Development Goal (MDGs), building capacity for good governance, and promoting regional cooperation and integration.</p> <p>In line with ADB country strategies, the Project seeks to contribute directly to poverty reduction by locating its activities in tourist-attracting subproject sites with high levels of poverty. It promotes regional cooperation and poverty reduction in the GMS by developing and implementing models for sustainable and pro-poor tourism development. As indicated in the GMS tourism sector strategy 2006–2015, there is an urgent need to demonstrate more effective approaches for the sustainable use and development of natural and cultural tourism assets and spread the benefits of tourism more widely through pro-poor tourism initiatives.</p>			
B. Poverty Analysis		Targeting Classification: Targeted intervention (TI-G)	
1. Key Issues			
<p>Viet Nam. Viet Nam's recent progress in socioeconomic development has been remarkable. Poverty was cut from 58.1% in 1993 to 19.5% in 2005. During this period, income per capita grew from \$288 to \$622, with only a modest increase in income disparities. Broad-based economic growth, greater macroeconomic and political stability, and targeted programs for poor and vulnerable groups have helped reduce poverty. However, while income inequality has increased only marginally, significant pockets of poverty remain. Households whose consumption is just over the poverty line are vulnerable to external shocks and remain at risk of falling back below the poverty line.</p> <p>Tourism is a key sector of the Vietnamese economy. It is expected to grow at over 16% per year, contributing \$4.75 billion to national GDP and employing 1.2 million people by 2010. This diverse and labor-intensive industry presents enormous opportunities for poverty reduction. In 2006, tourism receipts reached \$2.4 billion (3.9% of total GDP), up from \$1.2 billion in 2000. The tourism sector employs 250,000 people directly, and 500,000 people work in tourism-related businesses and industries. An expanding tourism industry will generate many jobs and provide opportunities for labor to shift away from unproductive agricultural towards services, creating opportunity, achieving higher disposable incomes, and reducing poverty.</p> <p>Lao PDR. The Lao PDR is one of the poorest countries in the Asia and Pacific region. Per capita GDP is \$490, and one third of the population is poor. A small domestic market, the subsistence nature of the rural economy, skills shortages, and the remoteness and isolation of much of the population are among the factors constraining growth and poverty reduction. However, the economy has grown and diversified in the past 5 years, as the Lao PDR tapped its natural resource base for hydropower, mining, and tourism. The incidence of poverty fell from 46% to 33% between 1992 and 2003. Tourism is recognized as a key contributor to income generation and poverty reduction.</p> <p>While the Lao PDR is on track in terms of meeting the income MDGs by 2015, income poverty continues to be problem in rural areas, where the incidence of poverty is twice as high as in urban areas. Some 75% of poor households are in ethnic groups living in remote and upland areas on marginally productive land. These groups</p>			

suffer high rates of infant and maternal mortality; low access to health and education services, electricity, and clean water; high illiteracy; and limited involvement in the market economy. Remoteness and variation in access to basic infrastructure are key reasons for the unequal regional distribution of poverty.

The project area covers the poorest provinces in the two countries, and an estimated 30% of project beneficiaries in Viet Nam and 44% in the Lao PDR are poor. Since these areas are prime tourist locations, there is great potential for the Project to reduce the high poverty incidence and contribute to economic growth.

2. Design Features

The Project will contribute to achieving the objective of the GMS tourism sector strategy of reducing poverty through sustainable tourism development by (i) improving livelihoods in poor rural areas with tourism potential and (ii) facilitating pro-poor tourism development and designing and implementing pro-poor demonstration projects and systems that can be replicated in Viet Nam, Lao PDR, and other GMS countries. The poorest people in the Project areas will benefit significantly from project interventions through expanded tourism-related opportunities, the generation of new employment opportunities, the development of community ownership and self-reliance, reduced social and health risks through awareness programs, and a sustainable environment.

The Project's pro-poor tourism-development activities include traditional community-based tourism development approaches combined with new supply chain initiatives. The Project will develop models throughout Viet Nam and the Lao PDR to demonstrate ways to involve poor communities in the tourism economy and will aim to protect ethnic cultures and minimize the adverse impacts of tourism. The human resource development component will have a pro-poor focus and include training on developing and managing small-scale tourism interventions in poor areas and targeted capacity development for trainers from poor households and ethnic minorities.

Tourism offers new opportunities for poor and vulnerable groups. Increases in the number and duration of tourist visits derived from paved footpaths, improved drainage, visitor information centers and comfort facilities, signage, and trained local guides will provide poor local residents with enhanced opportunities to produce food and other services for hotels and restaurants; set up their own stalls, eateries, and home stays; serve as construction workers and trekking and tourist guides; produce and sell handicrafts; improve their credit, accounting, and marketing skills; and hold traditional cultural performances for visitors. Local communities will be encouraged to work out ways to manage and eventually collectively own their scenic resources.

II. SOCIAL ANALYSIS AND STRATEGY

A. Findings of Social Analysis

Viet Nam. Viet Nam has made good progress in achieving the MDGs and the Viet Nam Development Goals. It has already achieved its poverty targets, halving income poverty and largely eradicating extreme poverty and hunger. Good progress has been made in improving access to primary education, gender equality, maternal health, and access to safe drinking water. Despite these achievements, increased efforts will be required to improve the quality of key services, target pockets of poverty, and ensure sound and environmentally sustainable practices.

Although economic growth has benefited most of society, some groups have benefited less than others. The incidence of poverty remains much higher in rural areas (26.4%) than urban areas (13.7%). Food poverty has been largely eliminated in urban households (3.3%), but 8.1% of rural households remain food-poor. Sixty-one percent of ethnic minority households lived below the poverty line in 2002, compared with 14% of the Kinh and Chinese households. Ethnic minority children are less educated because of poor infrastructure and accessibility, language and cultural barriers, problems in attracting good teachers to remote areas, and curriculum irrelevance.

Lao PDR. The Lao PDR lags behind on a number of non-income MDGs, as life expectancy at birth is low (61 years), child malnutrition is high (30%), and rates of infant mortality (60 per 1,000 live births) and maternal mortality (350 per 100,000 live births) are very high compared with other countries in the region. The Lao PDR is the lowest-ranking East Asian country on the United Nations Development Programme's Human Development Index. One third of the adult population, and nearly half of all females, cannot read or write, and just 14% of the population has completed primary school. However, the Government is committed to accelerating improvement in social indicators, and human resource development has been accorded the highest priority in the SEDP.

The 2006 surveys conducted in project preparatory technical assistance show that food insecurity, lack of access to social infrastructure and services, low levels of education, gender inequalities, lack of ownership of productive resources, and poor access to social services and infrastructure are prevalent in the project areas. Women are particularly vulnerable to trafficking, HIV/AIDS, and other risks. Tourism offers new sets of livelihood opportunities to poor people in food and livestock growing for tourist establishments, food and souvenir stalls, home stays, the manufacture and sale of handicrafts, construction labor, repair services, guided trekking, and cultural performances that retain the integrity of ethnic minorities. This Project builds on what people already know and expands their knowledge base and livelihood opportunities, making tourism activities technically feasible, while integrating new ideas and tasks into people's indigenous systems through a participatory planning process.

B. Consultation and Participation

1. Consultation and participation process during the project preparation

The Project was designed using a highly participatory approach and included consultations with villagers on their situation, participation in community activities and decision making, gender and ethnic minority issues, and tourism, as well as formal research instruments for quantitative and more intensive qualitative investigations. From August to October 2006, project teams carried out household surveys and focus group discussions. Key informant interviews were conducted with village chiefs, heads of local associations, women's union representatives, shopkeepers, restaurant owners, and others. The results were discussed with government, nongovernment organizations, and other participants at national workshops in Hanoi and Vientiane.

2. What level of consultation and participation is envisaged during the project implementation and monitoring?

Information sharing Consultation Collaborative decision making Empowerment

3. Was a consultation and participation plan prepared? Yes No

A participation strategy is incorporated into the overall project design. The Project supports consultation and coordination activities among various stakeholders in the tourism sector, including the executing agencies, other line ministries, politicians, provinces, districts, villages, businesses, and community groups. Tourism community groups will be established to oversee activities at the project sites. Participatory approaches will be at the core of the Project, and special provisions and budgets have been included to ensure the active participation of women, ethnic minorities, youths, and other vulnerable groups. This process will be regularly monitored and periodically evaluated through field research using household and community surveys, focus group discussions, participant observation, and key interviews. International and national consultants and project staff will carry out these tasks, with the results fed back into ongoing project implementation.

C. Gender and Development

1. Key Issues

Viet Nam. A strong policy and institutional environment supporting gender equality has been instrumental in empowering Vietnamese women and reducing the gender gap. The National Committee for the Advancement of Women is formally responsible for promoting gender equality. It is a high-level multisectoral committee that reports directly to the Prime Minister. The Vietnam Women's Union is a mass organization for women that facilitates the implementation of local projects and programs, in addition to representing its members in national policy dialogue. The newly issued Gender Equality Law (2007) provides leverage for addressing priority gender issues by redressing gender disparities in existing laws, calling for gender mainstreaming in public administration, and providing for targets and quotas for women's participation in decision making.

Lao PDR. Promoting gender equality is an important national goal of the Lao PDR, as reflected in the 1991 Constitution, the NGPES, the National SEDP, and a number of the country's international commitments. The National Commission for the Advancement of Women-Lao PDR was established in 1991 to help ensure women's equal access to basic services and productive resources. It develops national strategies and reports directly to the Government, while the Lao Women's Union helps implementation on the ground.

The GMS tourism sector strategy calls for increased attention to gender development in the tourism sector, in which women are commonly employed by hotels and guesthouses, food service providers, bars, travel agencies, and tour companies. Women are also self-employed in preparing and selling food and providing accommodation. Handicrafts are an important sector in the rural economy, with production and sales dominated by women. In the formal sector, women are generally underrepresented in management but predominate in customer service and sanitation. Exceptions are usually found in smaller, family-run businesses, which tend to have less rigid gender stereotyping in hiring. Self-employment through tourism thus offers women greater independence and control and has the potential to promote local development by reducing poverty, expanding women's educational opportunities, and increasing their self-confidence. At the same time, some initiatives may increase women's workloads with little recognition or compensation, and their exposure to social risks such as trafficking may increase.

2. Key Actions.

Measures included in the design promote gender equality and women's empowerment, including access to and use of relevant services, resources, assets, or opportunities and participation in decision-making process:

Gender plan Other actions/measures No action/measure

The Project will particularly benefit women through increased employment opportunities and ensuring that women get an equitable share of educational and other socioeconomic opportunities produced by the tourism sector. The Project will increase opportunities in food production, handicrafts, ceremonial celebrations, and the management of

small tourism sites, ensuring that women, who tend to be underrepresented in decision-making positions, are fully integrated into the planning and implementation of subproject activities.

A gender action plan has been prepared to highlight the different needs of men and women in the tourism sector and to help ensure that men and women have equal opportunity to participate in and benefit from the Project. The plan is based on a gender analysis that was prepared for the Project and builds on the experiences in the previous ADB-funded Mekong Tourism Development Project, Vietnam Gender Assessment 2006, and Gender Assessment and Strategic Action Plan of the Tourism Sector in the Lao PDR. Key activities include ensuring that (i) mechanisms to promote women's representation in decision-making processes are established; (ii) women's needs are integrated into project subcomponents; (iii) targets for female staff in project implementation are established; (iv) communities, government officials, and other stakeholders are trained on gender issues and risks related to tourism; (v) awareness programs related to HIV/AIDS, sexually transmitted infections, trafficking and other social risks for communities and government officials are designed and implemented; (vi) women are effectively involved in project monitoring and evaluation, including gender-disaggregated data for these purposes; and (vii) at least 40% of capacity development and training activities and 50% of the scholarships for master trainers are reserved for women.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS			
Issue	Significant/ Limited/ No Impact	Strategy to Address Issue	Plan or Other Measures Included in Design
Involuntary Resettlement	Limited	A resettlement framework for each country and short resettlement plan for the Phong Nga Khe Bang and Siphandone subprojects are prepared. The Project includes efforts to minimize and, where possible, avoid resettlement.	<input type="checkbox"/> Full Plan <input checked="" type="checkbox"/> Short Plan <input checked="" type="checkbox"/> Resettlement Framework <input type="checkbox"/> No Action
Indigenous Peoples	Limited	The Project design is built around the needs of ethnic minorities and includes several strategies to ensure that they benefit from it.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> Ethnic Minorities Development Framework <input type="checkbox"/> No Action
<input checked="" type="checkbox"/> Employment opportunities <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Core labor standards	Limited	Impacts will be positive as efforts will be made to make new tourism-related job and income opportunities available to the poorer and more vulnerable groups.	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> No Action
Affordability	No impact	The project will not introduce any affordability issues.	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action
Other Risks and/or Vulnerabilities <input checked="" type="checkbox"/> HIV/AIDS <input checked="" type="checkbox"/> Human trafficking <input type="checkbox"/> Others (conflict, political instability, etc), please specify	Limited	Prevention and awareness programs are planned for all subproject areas, with particular attention to indigenous settlements.	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action: Prevention and awareness program <input type="checkbox"/> No Action
IV. MONITORING AND EVALUATION			
Are social indicators included in the design and monitoring framework to facilitate monitoring of social development activities and/or social impacts during project implementation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

ADB = Asian Development Bank, GMS = Greater Mekong Subregion.

^a ADB. 2006. *Country Strategy and Program (2007–2010): Viet Nam*. Manila.

^b ADB. 2006. *Country Strategy and Program (2007–2011): Lao People's Democratic Republic*. Manila.

SUMMARY GENDER ANALYSIS AND ACTION PLAN

1. A gender action plan has been prepared to highlight the different needs of men and women in the tourism sector and to help ensure that men and women have equal opportunity to participate in and benefit from the Sustainable Tourism Development Project (the Project). The plan is based on a gender analysis that was prepared for the Project and is designed according to the *Policy on Gender and Development* (1998) of the Asian Development Bank (ADB). It also builds on experiences in the previous ADB-funded Mekong Tourism Development Project, the Vietnam Gender Assessment 2006, and the Gender Assessment and Strategic Action Plan of the Tourism Sector in the Lao People's Democratic Republic (Lao PDR). Key activities include (i) mechanisms to promote women's representation in decision-making processes; (ii) ensuring that women's needs are integrated into project subcomponents; (iii) establishing targets for female staff in project implementation; (iv) training communities, government officials, and other stakeholders on gender issues and risks related to tourism; (v) designing and implementing awareness programs for communities and government officials related to HIV/AIDS, sexually transmitted diseases, trafficking, and other social risks; (vi) ensuring the effective involvement of women in project monitoring and evaluation, including gender-disaggregated data for these purposes; and (vii) ensuring that at least 40% of capacity development and training activities and 50% of the scholarships for master trainers are reserved for women. Gender analyses for the Lao PDR and Viet Nam are in Supplementary Appendix L, on social and poverty assessment and strategies.

A. Key Issues: Gender in the Tourism Sector

2. In the tourism sector, women are mostly employed by hotels and guesthouses, food service providers, bars, travel agencies, and tour companies. They are also self-employed in preparing and selling food and providing accommodation. Handicrafts are important in the rural economy, with production and sales dominated by women, especially in textiles. In the formal sector, women are generally underrepresented in management but predominate in customer service and sanitation. Exceptions are usually found in smaller, family-run businesses, which tend to have less rigid gender stereotyping.

3. While women are increasingly able to take advantage of opportunities in tourism, they remain constrained by limited opportunities in business development and leadership. Ethnic minorities in the two countries, especially women, particularly lag in economic opportunities. In Viet Nam, 87% of ethnic minority women in rural areas are self-employed in agriculture. Minority women face more constraints in access to capital, as they are less likely to own land or be literate, and many poor women lack knowledge of business development, marketing, enterprise selection techniques, and simple accounting.

4. Self-employment through tourism offers women, particularly those from ethnic groups, greater independence and control. Tourism thus has the potential to boost local development by reducing poverty, expanding women's educational and employment opportunities, increasing their self-confidence, and ensuring more active involvement of marginalized groups through increased demands for their skills in handicrafts, food preparation, and cultural performances.

5. Tourism development may increase exposure to HIV/AIDS and other diseases, trafficking, and substance abuse resulting from higher number of tourists and cross-border movements, especially along the north-south and east-west economic corridors. The potential negative social impacts of tourism on such groups as women, children, the disabled, and minority communities are currently among the least addressed by the tourism sector. The Project will incorporate and specifically address these concerns to ensure a more socially responsible pattern of tourism development that positively affects both men and women.

B. Gender Action Plan and Implementation Arrangements**Table A6: Gender Action Plan**

Project Output	Actions Proposed
<p>Output 1: Model sustainable tourism development projects protecting the environment and cultural heritage developed</p> <p>Lao PDR: Biodiversity protection at the Siphandone Wetland</p> <p>Lao PDR: Vang Vieng town environmental improvement</p> <p>Viet Nam: Phong Nha Ke Bang National Park</p> <p>Viet Nam: Ethnic minorities cultural heritage development in Bac Kan</p>	<ul style="list-style-type: none"> • PCU/PIU introduce the Project to district and village representatives, both male and female. • Identify female-headed households and vulnerable groups (e.g., the disabled and ethnic minorities) and ensure that they will have equal access to participation in the Project. • Encourage women's participation in project meetings through, for example, sex-disaggregated focus groups and meetings held at times conducive to women's attendance. • Collect data disaggregated by sex, ethnicity, and income level. • Deliver awareness programs about tourism-related employment opportunities to men and women, in either joint or disaggregated focus groups. • Ensure that 40% of all capacity building and training activities are reserved for women and that capacity-development and livelihood-support programs cater to the needs of both men and women. • Ensure that men and women have equal access to employment opportunities created by the model projects. • Ensure that equal wages are paid to men and women laborers for civil works. • Include a section on gender development in tourism master plans for model natural, cultural, or urban sites. • Include a section on gender development in the GMS manual on nature-based tourism in the GMS. • Implement gender-sensitive public awareness programs. • Include separate budget lines for screening potential gender impacts and developing enhancement measures, a public awareness program, and M&E disaggregated by sex, ethnicity, and income.
<p>Output 2: Pro-poor, community-based, supply-chain tourism projects operational</p>	<ul style="list-style-type: none"> • PCU and/or PIU introduce the Project to district and village representatives, both male and female. • Identify households headed by women and vulnerable groups (e.g., the disabled and ethnic minorities) and ensure that they have equal access to participation in the Project. • Consult with stakeholders, male and female, on their participation in the planning process and implementation, specifically considering that women's participation is balanced with their other tasks so as not to overburden them. • Develop a gender-sensitive training program on environment, culture, and tourism for tour operators and guides. • Develop and implement gender-sensitive community-mobilization and planning methodologies, including gender-sensitive monitoring of activities. • Establish specific mechanisms to promote women's representation in decision-making processes. • Deliver awareness programs about tourism-related employment opportunities to men and women, in either joint or disaggregated focus groups. • Ensure that gender perspectives and issues are central to all subproject activities, including community mobilization, subproject planning and design, and M&E. • Organize separate meetings with women's groups to identify specific programs for women in tourism. • Ensure the availability of information to women by holding all public consultations at convenient times and locations, taking into consideration women's involvement in fieldwork, household chores, and other activities. • Promote products and services produced by women and ethnic minorities to tourism service providers and tourists. In each province, at least one pro-poor product or service involving women and ethnic minorities is developed and profitable. • Ensure that illiteracy is considered in all training and community meetings to

Project Output	Actions Proposed
	<p>ensure that illiterate women and men are not excluded from participating in and benefiting from project interventions.</p> <ul style="list-style-type: none"> • Structure field visits and learning exchanges to accommodate the specific needs of women. • Organize training for women, especially those from ethnic groups in project areas, on planning and designing tourism activities. • Ensure that skills training and workshops are open to both men and women, and disaggregate participation records by sex and ethnicity. Target 50% participation by women. • Ensure that equal wages are paid to men and women laborers for civil works. • Include separate budget lines for screening potential gender impacts and developing enhancement measures, a public awareness program, and M&E disaggregated by sex, ethnicity, and income.
<p>Output 3: GMS tourism corridors developed</p>	<ul style="list-style-type: none"> • PCU and/or PIU introduce the Project to district and village representatives, both male and female. • Identify households headed by women and vulnerable groups (e.g., the disabled and ethnic minorities) and ensure that they have equal access to participation in the Project. • Consult with stakeholders, male and female, on their participation in the planning process and implementation, specifically considering that women's participation is balanced with their other tasks so as not to overburden them. • Establish procedures to ensure that gender perspectives and issues are central to all subproject activities, including community mobilization, subproject planning and design, and M&E. • Organize separate meetings with women groups to identify specific programs for women in tourism and business development. • Organize training and implement programs for women, especially from ethnic groups, on planning, designing, and implementing tourism activities. • Ensure the availability of information to women by hold all public consultations at convenient times and locations, taking into consideration women's involvement in fieldwork, household chores, and other activities. • Ensure that illiteracy is considered in all trainings and community meetings to ensure that illiterate women and men are not excluded from participating in and benefiting from project interventions. • Structure field visits and learning exchanges to accommodate the specific needs of women. • Ensure that at least 30% of employees at the new sites are women. • Ensure that equal wages are paid to men and women laborers for civil works. • Produce a tourism corridor economic management plan with a section on gender. • Include separate budget lines for screening potential gender impacts and developing enhancement measures, a public awareness program, and M&E disaggregated by sex, ethnicity, and income.

Lao PDR = Lao People's Democratic Republic, M&E = monitoring and evaluation, PCU = project coordination unit, PIU = project implementation unit.

Source: Asian Development Bank.

SUMMARY ETHNIC GROUPS AND MINORITIES DEVELOPMENT FRAMEWORK

1. An ethnic groups/minorities development framework (EGMDF) has been prepared for the regional Sustainable Tourism Development Project (the Project) in the Lao People's Democratic Republic (Lao PDR) and Viet Nam. The purpose of the EGMDF is to (i) guide the assessment of potential impacts on ethnic minorities during the feasibility study for each subproject; (ii) assist the preparation of specific actions or the development of an ethnic minority development plan to address these impacts; and (iii) help improve the distribution of tourism benefits among different groups of beneficiaries, especially the smaller ethnic groups. The EGMDF is based on (i) provincial and household surveys; (ii) four sample subprojects for output 1; (iii) consultations with ethnic minorities, government officials, and other key stakeholders; (iv) the previous gender equity and ethnic diversity action plan for the Greater Mekong Subregion Mekong Tourism Development Project (Lao PDR);¹ and (v) secondary sources and past Asian Development Bank (ADB) projects. Supplementary Appendix M contains individual country ethnic groups/minorities development frameworks.

A. Ethnic Groups/Minorities and Tourism Development

2. **Lao PDR.** The Lao PDR has a population of 5.6 million, with 49 recognized ethnic groups and more than 200 ethnic subgroups. Ethnic groups fall into four broad ethno-linguistic categories: Lao-Tai, Mon Khmer, Hmong-lu Mien, and China-Tibet. Smaller ethnic groups live mainly in the northern uplands of the Lao PDR near the borders with Thailand, Myanmar, People's Republic of China, and Viet Nam. They make up one-third of the population but constitute more than half of the country's poor. About 32% of the total population lives below the poverty line—52.5% in the northern region, 34.9% in the central, and 38.4% in the southern.

3. **Viet Nam.** Viet Nam had a population of 85.3 million in 2007, of which ethnic minorities account for 14%. There are 54 officially recognized ethnic groups. About 53 ethnic minorities and 100 subgroups live in the northern and central mountains and the lowland river deltas of Viet Nam. In 2004, about 39% of all those living in poverty were from ethnic minorities. About 61% of all ethnic minority people are poor (86% in 1993), compared with only 14% of the majority Kinh and Chinese (56% in 1993).² Ethnic minorities are generally poorer and more disadvantaged than the Kinh and Chinese and have limited access to education and health care services.

4. Tourism potential is often the greatest in areas where smaller ethnic groups reside. Tourism development brings a number of direct and indirect opportunities for ethnic minorities including (i) income generation and poverty alleviation, (ii) locally led planning and development, (iii) revitalized cultural industries and practices, (iv) better transport and communication, (v) increased disposable income for better education and health services, and (vi) better communication with authorities.

5. Tourism development also has the potential to threaten local cultures and norms. Ethnic groups/minorities often face constraints that prevent them from accessing the opportunities brought about by tourism growth, such as remote villages and limited mobility, market access, education, and familiarity with majority languages. Women from small ethnic groups face additional risks and increased demand on their time from tourism development (e.g., increasing the risk of girls dropping out of school). Efforts to conserve and share ethnic culture with tourists

¹ ADB. 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Lao People's Democratic Republic for the GMS: Mekong Tourism Development Project*. Manila (Loan 1970-Lao PDR, for \$14,200,000, approved on 12 December).

² Vietnamese Academy of Social Sciences. 2007. *Vietnam Poverty Update Report 2006: Poverty and Poverty Reduction in Vietnam 1993–2004*. Hanoi.

and younger generations carry the risk of depicting minorities as exotic or backwards. The Project addresses these constraints and risks in its design.

B. Legal Framework and Principles

6. Country-specific ethnic groups/minorities development frameworks for the Project are based on Lao and Vietnamese regulations and ADB's *Policy on Indigenous Peoples* (1998). ADB's policy aims to protect ethnic minorities from the adverse impacts of development and to ensure that all ethnic groups benefit from development projects and programs.

C. Implementation Arrangements

7. The EGMDP ensures that all ethnic groups/minorities share proportionately in project benefits and experience limited adverse effects. The implementation arrangements and estimated costs of the EGMDP are integrated into the overall arrangements and budget of the Project. During project implementation, demonstration subprojects will be prepared to include a socioeconomic and demographic profile of target communities by ethnicity. Using ADB's checklist on indigenous peoples, the potential effects of subprojects will be assessed for all ethnic groups. Potential impacts will be identified and measures to mitigate them will be incorporated into the detailed design for each subproject. It is anticipated that ethnic minorities in the proposed project areas will benefit from the demonstration projects, which aim to use a sustainable, culturally and environmentally sound, pro-poor tourism approach.

Table A7.1: Anticipated Impacts and Proposed Actions on Ethnic Minorities in the Lao People's Democratic Republic and Viet Nam

Project Output	Anticipated Positive Effect	Anticipated Negative Effect	Proposed Actions to Mitigate Impacts
Output 1: Model sustainable tourism development projects protecting the environment and cultural heritage developed			
<ul style="list-style-type: none"> • Biodiversity protection at the Siphandone Wetland (Lao PDR) 	<ul style="list-style-type: none"> • Minor/none: Few ethnic minorities in the community 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Include ethnic groups in community planning for income generation and asset management in tourism. • Separate budget lines included for (i) screening potential impacts on ethnic groups, mitigating impacts, managing risks, and developing enhancement measures; (ii) a public awareness program, and (iii) M&E activities disaggregated by sex, ethnicity, and income where possible. • Consult with small ethnic communities during subproject preparation and before the start of construction. • Visitor information and interpretation facilities in Nakasang village feature cultural and livelihood information on ethnic groups from the wetland and follow local architectural design. • Capacity-development and livelihood-support programs cater to the needs of the local ethnic groups (e.g., handicrafts). • Include a section on potential impacts on ethnic groups in the GMS manual under the subproject.
<ul style="list-style-type: none"> • Vang Vieng town environmental improvement (Lao PDR) 	<ul style="list-style-type: none"> • Minor/none: Few ethnic minorities live in the town 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Include ethnic groups in community planning for income generation and asset management in tourism. • Include a separate budget for (i) a public awareness program and (ii) M&E disaggregated by sex, ethnicity, and income where possible. • Consult with ethnic minority communities during subproject preparation and before the start of construction. • Use different communication strategies (e.g., text, pictures, or media) for raising awareness on waste management, HIV/AIDS, and other tourism-related awareness activities. • Include temporary workers (e.g., solid waste collectors) when strengthen capacity in the urban development authority. • Include a section on potential impacts on ethnic groups in the GMS manual under the subproject.

Project Output	Anticipated Positive Effect	Anticipated Negative Effect	Proposed Actions to Mitigate Impacts
<ul style="list-style-type: none"> Phong Nha Ke Bang National Park (Viet Nam) 	<ul style="list-style-type: none"> Minor: Few ethnic minorities reside along the proposed circuit or in Chai Lap 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Include ethnic groups in community planning for income generation and asset management through tourism. For example, there is potential for increased benefits for one of the minority villages inside the park (if selected). Residents could be trained to make incense sticks and supply Sister's Cave Memorial. Include separate budget lines for (i) screening potential impacts on ethnic groups, mitigating impacts, managing risks, and developing enhancement measures; (ii) a public awareness program; and (iii) M&E disaggregated by sex, ethnicity, and income. Document and develop a database on resources and culture, including a GIS and a book. Consult with ethnic minority communities during subproject preparation and before the start of construction. Follow local architectural design for the visitor information and interpretation facilities in Phong Nha Ke Bang, which feature cultural and livelihood information on ethnic groups from the area. Ensure that capacity-development and livelihood-support programs cater to the needs of local ethnic groups (e.g., food preparation). Ensure that kiosks and stalls are affordable for all ethnic groups (the current concession fee is D4 million per year for 4 years). Include a section on potential impacts on ethnic minorities in the GMS manual.
<ul style="list-style-type: none"> Ethnic minority cultural heritage development in Bac Kan (Viet Nam) 	<ul style="list-style-type: none"> Significant: The Bac Kan heritage interpretation and visitor center will bring benefits to the community in Ba Be District. 	<ul style="list-style-type: none"> Minor: While close to 85% of the population in Ba Be district is ethnic minority, the Bac Kan Center will be constructed in the center of town. 	<ul style="list-style-type: none"> Include ethnic groups in community planning for income generation and asset management in tourism. Include a separate budget for (i) a public awareness program and (ii) M&E disaggregated by sex, ethnicity, and income where possible. Consult with ethnic communities during subproject preparation and again before subproject start. Use different communication strategies for raising awareness of HIV/AIDS and other tourism-related issues (e.g., text, pictures, or media). Produce Dos-and-Don'ts publication for tourism management. Work with the Museum on Ethnology in Hanoi to establish the Bac Kan heritage interpretation and visitor center. Develop a program to train ethnic minorities in traditional arts and cultural industries. Design and produce displays on ethnic minority culture. Include a section on potential impacts on ethnic minorities in the GMS manual.
Output 2: Pro-poor, community-based, and supply-chain tourism projects operational			
<ul style="list-style-type: none"> Pro-poor, community-based, supply-chain tourism projects operational 	<ul style="list-style-type: none"> Significant: Subprojects will be in selected poor villages in the proposed provinces. There is a strong correlation between poverty and ethnicity, as ethnic groups make up more than 50% of the Lao PDR's poor 	<ul style="list-style-type: none"> Minor: Monitor integration within the community in favor of pro-poor tourism development Minor: Risk of being made a "human zoo" by tourists and tour companies 	<ul style="list-style-type: none"> Include ethnic group/minorities in community planning for income generation and asset management through tourism. Include separate budget lines for (i) screening potential impacts on ethnic groups, mitigating them, managing risks, and developing enhancement measures; (ii) a public awareness program; and (iii) M&E disaggregated by sex, ethnicity, and income where possible. Incorporate ADB's indigenous peoples checklist as part of subproject preparation. Consult with ethnic communities during subproject preparation and again before subproject start. Open associated skills training and workshops to all ethnic groups and disaggregate participation records by sex, ethnicity, and other appropriate information. The percentage

Project Output	Anticipated Positive Effect	Anticipated Negative Effect	Proposed Actions to Mitigate Impacts
	population; about 61% of all ethnic minorities are poor in Viet Nam.		<p>of participants that are from ethnic minorities should be proportional to the ethnicity of the local population.</p> <ul style="list-style-type: none"> • Help villagers from ethnic minorities to enter into equitable supply agreements. • Grant local management contracts to local ethnic minority communities for the management of the site. • Identify specific actions that will enable ethnic minorities, especially ethnic women, to participate in capacity development for tourism-related micro-enterprises. • Ensure that tourism infrastructure reflects the cultural aesthetics and traditional architecture of ethnic minorities. • Include a section on potential impacts on ethnic minorities in the GMS manual.
Output 3: GMS tourism corridors developed			
<ul style="list-style-type: none"> • GMS tourism corridors developed 	<ul style="list-style-type: none"> • Significant: Subprojects will be selected along the north–south and east–west economic corridors, where most villages are composed of ethnic minorities. 	<ul style="list-style-type: none"> • Minor: Monitor integration in the community in favor of pro-poor tourism development • Minor: Fear of being treated as a “human zoo” by tourists and tour companies. 	<ul style="list-style-type: none"> • Include ethnic minorities in community planning for income generation and asset management through tourism. • Include separate budget lines for (i) screening potential impacts on ethnic groups, mitigating them, managing risks, and developing enhancement measures; (ii) a public awareness program; and (iii) M&E disaggregated by sex, ethnicity, and income where possible. • Incorporate ADB’s indigenous peoples checklist as part of subproject preparation. • Produce a Dos-and-Don’ts publication for tourism management. • Consult with ethnic communities during subproject preparation and before the start of construction. • Grant local management contracts to local minority communities for the management of the site. • Open associated skills training and workshops to all ethnic groups and disaggregate participation records by sex, ethnicity, and other appropriate information. The percentage of participants that are from ethnic minorities should be proportional to the ethnicity of the local population. • Identify specific actions that enable ethnic minorities, especially women, to participate in capacity development for tourism-related micro-enterprises. • Ensure that tourism infrastructure reflects the cultural aesthetics and traditional architecture of ethnic groups. • Respect the privacy of minority villages when developing scenic views. • Include a section on potential impacts on ethnic minorities along the Lao PDR–Viet Nam border in the GMS manual.
Output 4: Human resources in the tourism sector developed			
<ul style="list-style-type: none"> • A pool of master trainers in small-scale tourism and hospitality is created. 	<ul style="list-style-type: none"> • Significant: Opportunities to receive 30% of scholarships for master training courses, attend training-of-trainer courses, and training at the site level 	<ul style="list-style-type: none"> • Minor: Individuals from the smaller ethnic groups do not meet the requirements. 	<ul style="list-style-type: none"> • Review the training needs assessment with a focus on the specific needs of tourism officials from provinces with disproportionately higher percentage of small ethnic minorities. • Teaching materials will be gender and ethnically sensitive and inclusive. • A separate budget is included for M&E of activities. Data shall be disaggregated by sex, ethnicity and income. • At least 30% of the training-of-trainers participants come from provinces with high percentages of small minorities, especially those participating in demonstration subprojects under outputs 2 and 3.

Project Output	Anticipated Positive Effect	Anticipated Negative Effect	Proposed Actions to Mitigate Impacts
<ul style="list-style-type: none"> • A pool of master trainers for the training of public tourism officials is created 	<ul style="list-style-type: none"> • Significant: Opportunities to receive 30% of scholarships to participate in master training courses, attend training-of-trainer courses, and receive training at the site level 	<ul style="list-style-type: none"> • Minor: Individuals from the smaller ethnic groups do not meet the requirements to participate. 	<ul style="list-style-type: none"> • Review the training needs assessment with a focus on the specific needs of tourism officials from provinces with a relatively high percentage of ethnic minorities. • Give preference (30% quota) to qualified individuals from small ethnic minorities in the awarding of the 50 master training scholarships (15 in Lao PDR and 45 in Viet Nam). • Ensure that teaching materials are gender and ethnically sensitive and inclusive. • Include a separate budget for M&E, with data disaggregated by sex, ethnicity, and income. • Recruit 30% of 400 public officials in the tourism sector in the Lao PDR and Viet Nam from provinces with high percentages of ethnic minorities, especially those participating in subprojects under outputs 2 and 3.
Output 5: Efficient project implementation services are operational			
<ul style="list-style-type: none"> • Efficient project implementation services are operational in the Lao PDR and Viet Nam 	<ul style="list-style-type: none"> • Significant: PIUs with ethnic representation will be established. • Significant: Capacity development of the PCU and PIUs • Significant: Better information on tourism benefits and risks for ethnic minorities 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Include a social and gender focal person as a member of the PCU in Lao PDR and in each PIU in Lao PDR and Viet Nam. • Include an M&E focal person as a member of the PCU. • Recruit two international and two national social and gender development specialists (4 person-months and 18 person-months) to support the governments in project implementation in the Lao PDR and Viet Nam. • Recruit one international resettlement specialist in the Lao PDR (2 person-months) and in Viet Nam (1.5 person-months) to help the EAs protect the land-use rights of ethnic minorities. • Make ethnic representation in the PIUs and the community tourism groups proportional to the ethnicity of the local population. • Representatives of the Ministry of Information and Culture, Lao Front for National Reconstruction, or Lao Women’s Union in the Lao PDR will be invited as needed to participate in the subregional steering committee, project steering committee, and provincial project steering committee. • Representatives from the Ministry of Labor, Invalids and Social Affairs; National Institute of Linguistics; Committee for Ethnic Minorities; or Viet Nam Women’s Union in Viet Nam will be invited, as needed, to participate in the subregional steering committee, project steering committee, and provincial project steering committee. • Disaggregate data by sex, ethnicity, and income where possible. • All progress reports shall include a section that reports on the impact, good and bad, the Project has on ethnic minorities.

ADB = Asian Development Bank, EA = executing agency, GIS = geographic information system, GMS = Greater Mekong Subregion, M&E = monitoring and evaluation, PCU = project coordination unit, PDR = people’s democratic republic, PIU = project implementation unit.
 Source: ADB estimates.

COST ESTIMATES

Table A8.1: Cost Estimates for the Lao People's Democratic Republic
(\$'000)

Output	Total
A. Project Base Costs Output	
1. Sustainable Tourism Development	
a. Siphandone Wetland Natural Project	1,910.0
b. Vang Vieng Urban Development	1,290.0
Subtotal (A1)	3,200.0
2. Pro Poor Tourism Development	
a. Bokeo Province	386.0
b. Houaphanh Province	386.0
c. Oudomsay Province	386.0
d. Saravanh Province	386.0
e. Vientiane Province	386.0
f. Xayabouly Province	386.0
Subtotal (A2)	2,316.0
3. Tourism Corridors	
a. North–South Corridor	930.0
b. East–West Corridor	370.0
Subtotal (A3)	1,300.0
4. Human Resources Development	
a. Training Master Hospitality Trainers	260.0
b. Training Public Sector Tourism Officials	250.0
Subtotal (A4)	510.0
5. Project Implementation	
a. Consulting Services	1,142.0
b. Support to PCU/PIUs	520.0
c. Capacity Building	60.0
d. External Monitoring for Resettlement	15.0
e. External Financial Auditing of PCU/PIUs	20.0
f. External Monitoring and Evaluation	15.0
Subtotal (A5)	1,772.0
Subtotal (A) ^a	9,098.0
B. Contingencies	
1. Physical Contingency ^b	910.0
2. Price Contingency ^c	862.0
Subtotal (B)	1,772.0
Total	10,870.0

PCU = project coordination unit, PIU = project implementation unit.

^a Includes taxes and duties of \$598,000.

^b Physical contingencies computed at 10%.

^c Price contingencies computed at 4% on foreign exchange cost and 6.5% on local currency costs includes provision for potential exchange rate fluctuation under assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank estimates.

Table A8.3: Financing Plan
(\$'000)

Item	Cost		ADB		Governments	
	Amount	Amount ^a	% of Cost Category ^b	Amount ^a	% of Cost Category	
Lao People's Democratic Republic						
A. Investment Costs						
1. Civil Works:						
Output 1	3,420.0	2,863.0	84.0	557.0	16.0	
Outputs 2, 3, and 4	626.0	563.0	90.0	63.0	10.0	
2. Equipment	426.0	426.0	100.0	0.0	0.0	
3. Environment and Social Mitigation						
4. Land Acquisition	250.0	0.0	0.0	250.0	100.0	
5. Environmental Management Plans	155.0	155.0	100.0	0.0	0.0	
6. Consultants	1,667.0	1,667.0	100.0	0.0	0.0	
7. Training and Workshops	2,020.0	2,020.0	100.0	0.0	0.0	
Subtotal A	8,564.0	7,694.0	90.0	870.0	10.0	
B. Recurrent Costs	534.0	534.0	100.0	0.0	0.0	
C. Contingencies	1,772.0	1,772.0	100.0	0.0	0.0	
Total Project Costs	10,870.0	10,000.0	92.0	870.0	8.0	
Viet Nam						
A. Investment Costs						
1. Civil Works:						
Output 1	4,440.0	3,499.0	79.0	941.0	21.0	
2. Equipment and Vehicle	685.0	685.0	100.0	0.0	0.0	
3. Environment and Social Mitigation						
4. Land Acquisition	170.0	0.0	0.0	170.0	100.0	
5. Environmental Management Plans	131.0	131.0	100.0	0.0	0.0	
6. Consultants	1,725.0	1,725.0	100.0	0.0	0.0	
7. Training and Workshops	1,438.0	1,438.0	100.0	0.0	0.0	
Subtotal A	8,589.0	7,478.0	87.0	1,111.0	13.0	
B. Recurrent Costs	728.0	728.0	100.0	0.0	0.0	
C. Contingencies	1,613.0	1,613.0	100.0	0.0	0.0	
D. Financing Charges During Implementation	181.0	181.0	100.0	0.0	0.0	
Total Project Costs^c	11,111.0	10,000.0	90.0	1,111.0	10.0	

ADB = Asian Development Bank.

^a Amount of ADB grant and loan proceeds allocated to the cost category.

^b The amounts disbursed by ADB for eligible expenditures under a cost category will be subject to the ceiling set by the allocation of grant and loan proceeds for such cost category.

^c Total costs inclusive of taxes and duties of \$598,000 for the Lao People's Democratic Republic and \$589,000 for Viet Nam.

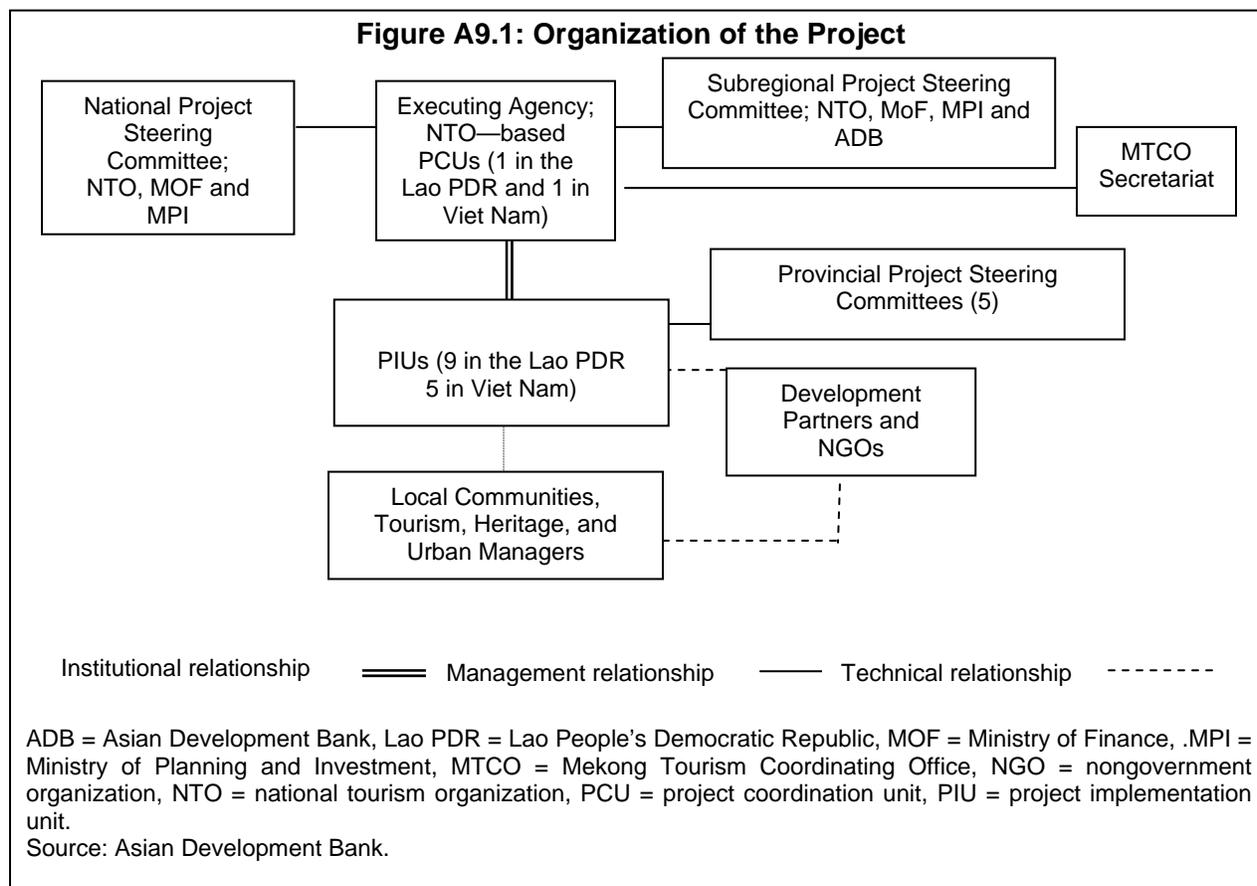
Source: ADB estimates.

PROJECT MANAGEMENT

1. The supervision, coordination, management, and implementation of the Sustainable Tourism Development Project (the Project) will be undertaken through (i) a subregional project steering committee (SPSC), (ii) a national project steering committee (NPSC), a project coordination unit (PCU), a provincial project steering committee (PPSC), five provincial implementation units (PIUs), and community tourism groups (CTGs) in participating communities.

2. **Subregional Project Steering Committee.** The SPSC, established to oversee project implementation subregionally, shall consist of the representatives from the Lao National Tourism Administration (LNTA) and the Ministry of Culture, Sports and Tourism (MCST) of Viet Nam. Directors general of LNTA and MCST or higher officials will alternately chair the SPSC. Representatives from the national tourism offices (NTOs) of other Greater Mekong Subregion (GMS) countries will be invited as observers to discuss the lessons learned from the demonstration subprojects and potential to replicate them. The Mekong Tourism Coordinating Office will act as the secretariat of the SPSC. The main functions of the SPSC will be to (i) exchange lessons learned in implementing the project and the development of sustainable tourism models in the GMS; (ii) coordinate development interventions along the GMS economic corridors; and (iii) oversee the creation, publication, and dissemination of manuals on best practice models of developing sustainable tourism in the GMS, produced jointly by the participating countries. The SPSC will be chaired in rotation by the two participating countries. It will meet at least twice a year, when possible, in conjunction with the GMS Tourism Working Group (TWG) meetings. At each meeting, the host country will plan a half-day thematic workshop that focuses on an issue of importance to sustainable tourism in the GMS. Topics may include tourism development in cross-border protected areas, tourism and gender, tourism development along GMS economic corridors, or pro-poor tourism. All GMS countries may be invited to participate in the workshops.

Figure A9.1: Organization of the Project



3. **National Project Steering Committees.** NPSCs will be established in each participating country to provide policy guidance and oversee project implementation nationally. In the Lao People's Democratic Republic (PDR), the NPSC will be chaired a director general of LNTA and its members will include representatives from the Ministry of Finance (MOF), Ministry of Planning and Investment (MPI), the Prime Minister's Office, offices of the GMS coordinators, and participating provinces. In Viet Nam, the NPSC will be chaired by a director general of MTSC, and its members will include representatives from MOF, MPI, State Bank of Viet Nam, and participating provinces. The NPSC will (i) address any planning and coordination issues arising out of the progress reports, (ii) facilitate permissions to assist with the timely release of funds to the PIUs and PCU, (iii) facilitate the selection of national staff for the Project, and (iv) ensure the timely approval of work permits and visas for international staff working on the Project. It will meet at least four times per year to review the quarterly progress and monitoring reports prepared by the PCU and ensure that information on project progress is disseminated to relevant government agencies.

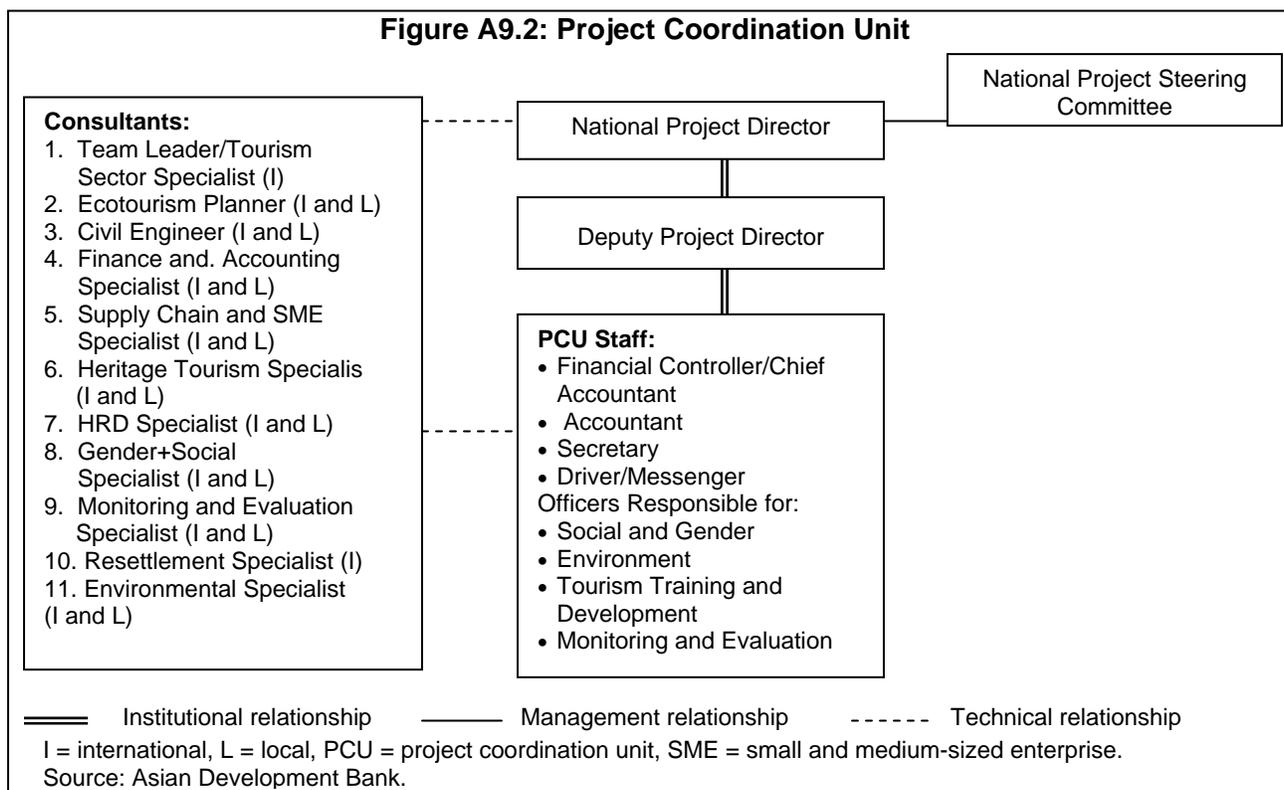
4. **Project Coordination Unit.** In each participating country, the Executing Agency will establish a project coordination unit (PCU). The PCU will be in the Executing Agency and headed by a project director. The project director will be assisted by a deputy director and five staff who will be responsible for project accounting; monitoring and evaluation; and environment, natural and cultural heritage, gender, and other social issues.¹ The terms of reference for the project director, deputy director, and PCU staff are in Supplementary Appendix E.

5. The PCU will be responsible for (i) serving as a secretariat for the NPSC; (ii) coordinating all subprojects within the country; (iii) ensuring timely and accurate reporting from each of the subprojects; and consolidating reports from all PIUs on technical, financial, social, environmental, and resettlement issues for presentation to the SPSC, NPSC, and Asian Development Bank (ADB); (iv) coordinating pro-poor, community-based tourism-development initiatives in the provinces; (v) coordinating with other government agencies to schedule and organize biannual NPSC meetings; (vi) developing best practice manuals on the development of pro-poor, sustainable, cultural and natural tourism development along economic corridors in the GMS; (vii) oversee the human resource development component; and (viii) ensure that legal and institutional-strengthening measures are undertaken in each subproject, including compliance with loan covenants and assurances.

6. The main tasks to be undertaken by the PCU include (i) initiating project preparation activities, including setting up financial and management systems and procedures, preparing PCU office equipment procurement, and engaging consultants; (ii) working closely with the PIUs to program and budget the Project's implementation and help the PIUs formulate biannual project work plans and budgets; (iii) maintaining accurate records of the different subproject accounts, which will be reported to ADB in a timely and accurate manner; (iv) advising the PIUs on revenue-enhancing activities related to the recovery of costs of constructing, operating, and maintaining project facilities and equipment; (v) recruiting and supervising consultants to ensure the effective implementation of the Project; (vi) recruiting an auditor and submitting audit reports; (vii) recruiting a monitoring agency for land acquisition and resettlement; (viii) coordinating all monitoring and evaluation activities; and (ix) ensuring that information about the projects outcomes, outputs, and activities are communicated to senior political leaders, government ministries and departments, and development partners. The PCU should also advise and assist the PIUs on developing methods to effectively communicate information about the project to local communities and provincial officials.

¹ Other supporting staff, including a secretary, accountant, and driver, will work in the PCU.

7. Additional duties of the PCU include ensuring that all requisite government approvals are in place to allow implementation and that they are renewed in a timely fashion where required; providing project administration and technical support to the PIUs; undertaking specified monitoring, evaluation, and reporting activities; ensuring the smooth and timely disbursement of funds and related accounting and financial reporting to the PCU, including records and review of withdrawal applications from PIUs, the preparation of consolidated project accounts, the recruitment and supervision of an independent auditor, and timely follow up on its reports; and advising the PIUs on how to ensure that the project is in compliance with assurances and covenants.

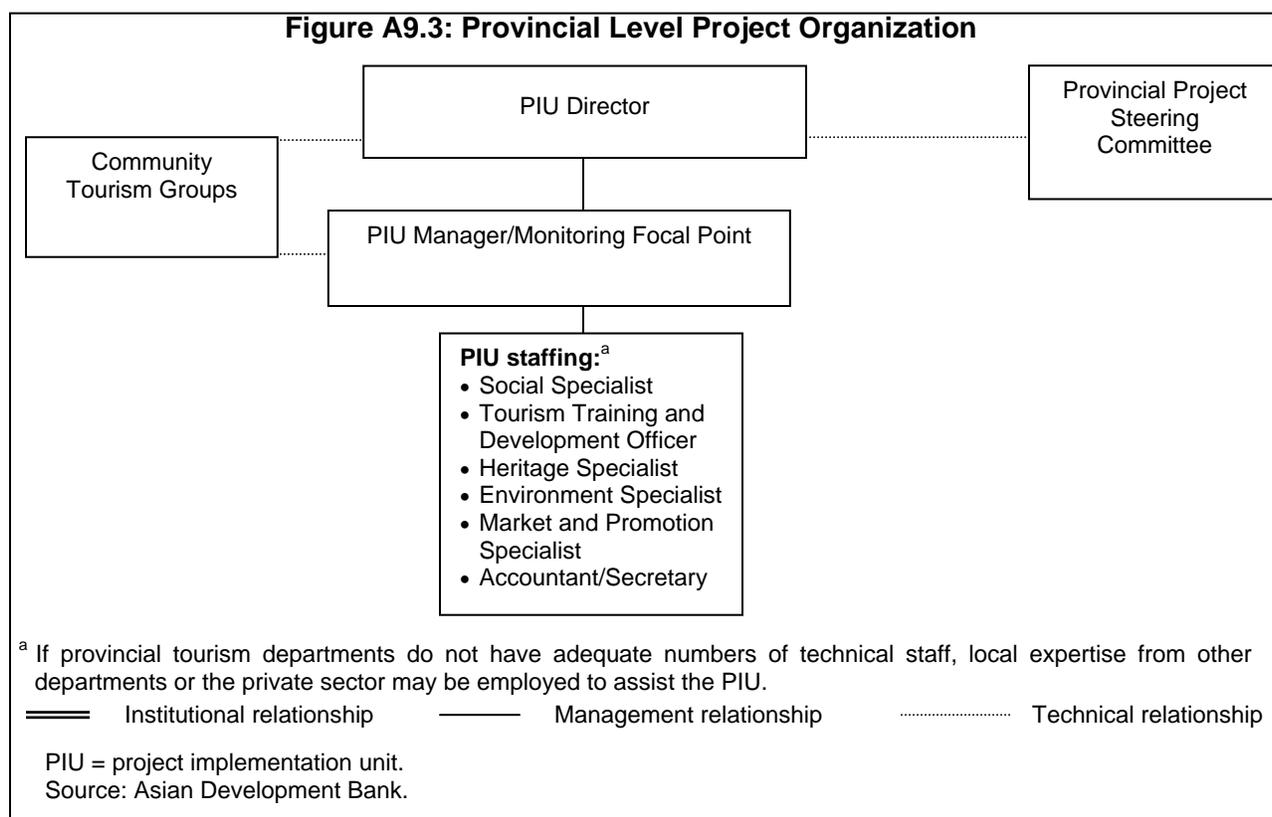


8. **Project Implementation Units.** PIUs will be established in the provincial tourism units of each participating province to undertake the day-to-day implementation of the Project. The PIUs will be responsible for implementing, coordinating, monitoring, and reporting project activities at the provincial level under PCU guidance. In Viet Nam, they will be responsible for procurement.

9. The PIUs shall be headed by a PIU director drawn from the provincial tourism department; comprise professional staff recruited from the tourism, environment, and social departments of the province; and be supported where necessary by externally hired project staff. The provincial tourism department will appoint a PIU management and monitoring focal point and a tourism development and training officer, and may either provide directly or engage an environment officer, marketing and promotion specialist, heritage specialist, social specialist, and accountant or secretary. These counterpart staff will work in the PIU part-time for between 20 and 30 hours per week, depending on the scale of project interventions in the province.

10. The PIUs will be responsible for (i) working with the project consultants on the appraisal of feasibility studies and conceptual and detailed design; (ii) procuring goods and civil works contracts, including the preparation of bid documents and bid evaluation; (iii) coordinating the consultants on supervisory and construction activities in their provinces and ensuring that the infrastructure components of the subproject are implemented according to the certified design;

(iv) approving payments to contractors and maintaining disbursement records; (v) ensuring that subprojects for sustainable, pro-poor tourism development along economic corridors are properly implemented; (vi) ensuring compliance with loan covenants at the site in each province, including the updating of initial environmental examinations and the implementation of environmental management plans to meet government and ADB requirements; (vii) the day-to-day supervision the of construction of the subproject elements on site; (viii) coordinating the process of establishing appropriate cost-recovery mechanisms; (ix) keeping CTGs and the PPSC informed of project initiatives; (x) holding regular meetings to discuss key issues and concerns and following up on the recommendations and resolutions of the PPSC and CTGs; (xi) coordinating institutional-strengthening and capacity-building activities locally; (xii) preparing monitoring-and-evaluation reports for transmission to the PCU; and (xiii) preparing and submitting to the PCU quarterly progress reports.



11. **Provincial Project Steering Committee.** PPSCs—representing concerned agencies covering natural and cultural heritage site management, urban environment management, public works and construction, road transportation, border authorities, and other relevant provincial authorities—will be formed to ensure that all the interests and concerns of the related agencies are reflected in the Project’s outcomes. The PPSCs will be chaired by a senior member of the provincial people’s committee, with the PIU serving as the secretariat at PPSC meetings. The PPSC will be formed during the first 3 months of project implementation, and the PIU director will organize at least four meetings of the PPSC each year, under the guidance of the provincial people’s committee, at which work plans, project progress, and issues of concern will be discussed and resolved.

12. The PPSC will be responsible for ensuring that (i) the concerns of the other agencies are adequately reflected in the Project’s implementation plan, (ii) project implementation is effectively coordinated between the concerned agencies in the province, (iii) the concerned agencies in the province extend full cooperation to the PIU, (iv) the Project is implemented in

compliance with local regulations and provincial policies, (v) counterpart funds are budgeted and disbursed, and (vi) resettlement plans and compensation schemes are followed, as well as (vii) reviewing progress in the implementation of the Project.

13. **Community Tourism Groups.** To ensure that a high level of community consultation takes place at every step of implementation, the PIUs will work with participating communities to establish CTGs within villages' traditional administrative structures and involve mass organizations such as women's and youths' unions and traditional village leadership in guiding project implementation. The CTGs will be responsible at the site level for (i) raising issues of concern to participating communities with the PIU, (ii) ensuring that the concerns of the community are adequately reflected in the implementation program, (iii) assisting in the implementation of the community awareness program, and (iv) ensuring that the community is involved in community-based monitoring and evaluation. A representative of each CTG will be invited to regular PPSC meetings by the PIU director.

IMPLEMENTATION SCHEDULE

Task Description	2009				2010				2011				2012				2013			
	Q1	Q2	Q3	Q4																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
A. Output 1. Model Sustainable Tourism Development Projects Protecting the Environment and Cultural Heritage Developed																				
Design and implement community participation and awareness programs																				
Planning and documentation, preparation of tourism master plans																				
Infrastructure design																				
Prepare detailed IEE, EIA, and EMPs																				
Prepare and implement resettlement plans																				
Design and implement gender/ethnic minority participation programs																				
Capacity building for local communities																				
Construction and supervision																				
Institutional strengthening and capacity building for O&M																				
Design and implement marketing program																				
Monitoring and evaluation																				
Produce best practice manuals on tourism development at GMS heritage sites																				
B. Output 2. Pro-Poor, Community-Based, Supply-Chain Tourism Projects Operational																				
Institutional strengthening, capacity building and awareness programs																				
Design and implement community tour-product development programs																				
Identify and develop tourism supply chains																				
Design and construct small tourism-related infrastructure																				
Prepare and implement gender and ethnic minority participation program																				
Marketing and promotion plans and programs																				
Develop community tourism networks and stakeholder associations																				
Create, publish, and distribute GMS pro-poor tourism development manual																				
Monitoring and evaluation																				
C. Output 3. GMS Tourism Corridors Developed																				
Design and implement community participation and awareness programs																				

<p>Planning and documentation, preparation of tourism master plans</p> <p>Infrastructure design</p> <p>Prepare detailed IEE, EIA, and EMP's</p> <p>Prepare and implement resettlement plans</p> <p>Design and implement gender/ethnic minority participation programs</p> <p>Capacity building for local communities</p> <p>Construction and supervision</p> <p>Institutional strengthening and capacity building for O&M</p> <p>Design and implement marketing program</p> <p>Create, publish, and distribute GMS Economic corridors development manual</p> <p>Monitoring and evaluation</p>				
<p>D. Output 4. Human Resources in the Tourism Sector Developed</p> <p>Training needs assessment</p> <p>Review curriculum and training materials</p> <p>Recruit and train master trainers</p> <p>Improvements to cascade training institution</p> <p>Training at cascade institution and sites</p> <p>Monitoring and evaluation</p>				
<p>E. Output 5. Efficient Project Implementation Services are Operational</p> <p>Mobilize PCU and PIU staff</p> <p>Identify, recruit, and mobilize consultants</p> <p>Procure equipment and vehicles</p> <p>Prepare detailed project implementation plan</p> <p>Establish data management and MIS system</p> <p>Review national tourism and gender action plans</p> <p>Prepare project performance monitoring system and training</p> <p>Establish accounting systems</p> <p>Prepare civil works contract/bidding procedures and forms</p> <p>Monitoring and evaluation</p>				

EMP = environmental management plan, GMS = Greater Mekong Subregion, IEE = initial environment examination, MIS = management information system, O&M = operations and maintenance, PCU = project coordination unit, PIU = project implementation unit.
 Source: Asian Development Bank.

PROCUREMENT PLAN

Table A11: Indicative Procurement Plan

A. General

Project Information		
Country	Socialist Republic of Viet Nam	Lao People's Democratic Republic (Lao PDR)
Name of Borrower/Recipient	Socialist Republic of Viet Nam	Lao PDR
Project Name	GMS Sustainable Tourism Development Project	GMS Sustainable Tourism Development Project
Loan/Grant Reference	To be determined (tbd)	To be determined (tbd)
Date of Effectiveness	Tbd	tbd
Amount \$ (total from all financiers):	\$10,111,000	\$10,870,000
Of which Committed, \$	Tbd	tbd
Executing Agency	Ministry of Culture, Sports and Tourism	Lao National Tourism Administration
Approval Date of Original Procurement Plan	Tbd	tbd
Approval of Most Recent Procurement Plan	Tbd	tbd
Publication for Local Advertisement ^a	Tbd	tbd
Period Covered by this Plan	2009–2013	2009–2013

^a General procurement notice, invitations to pre-qualify and to bid, calls for expressions of interest.

B. Procurement Thresholds, Goods and Related Services, Works and Supply and Install

Procurement Method	Threshold
National Competitive Bidding Works	Less than \$1,500,000
National Competitive Bidding Goods	Less than \$500,000
Shopping Works	Less than \$50,000
Shopping Goods	Less than \$50,000
Direct Contracting	Less than \$10,000

C. Consultanting Services

Recruitment Methods	Threshold
Quality- and Cost-Based Selection	More than \$200,000
Consultants Qualifications Selection	Less than \$200,000
Least Cost Selection	Less than \$100,000
Individual	—

— = not available

D. Proposed Detailed Contract Packages

Description	Number of Contracts	Cost Estimate per Contract	Aggregated Total Cost Estimate	Mode of Procurement	Expected Date of Advertisement	Prior Review (Y/N)	Responsible Agency
A. Civil Works							
Lao PDR							
1. Siphandone	1	1,243,000	1,243,000	NCB Works	first qtr 2010	Y	PCU
2. Vang Vieng Drainage	1	848,000	848,000	NCB Works	first qtr 2010	Y	PCU
3. Tourism Corridors	1	1,219,000	1,219,000	NCB Works	first qtr 2010	Y	PCU
4. Various (Pro poor)	30	10,000 – 50,000	810,000	Shopping Works	2009–2010	N ^a	PCU
5. HRD	2	1,000–5,000	5,000	Direct Contracting	first qtr 2010	Y	PCU
Viet Nam							
1. Phong Nga Kebang	1	997,000	997,000	NCB Works	first qtr 2010	Y	PIU
2. Bac Kan Cultural Centre	1	1,052,000	1,052,000	NCB Works	first qtr 2010	Y	PIU
3. Tourism Corridors	1	864,000	864,000	NCB Works	first qtr 2010	Y	PIU
4. Various (pro-poor) ^a	20	10,000–50,000	835,000	Shopping Works	2009–2010	N ^a	PIU
5. HRD	2	1,000–5,000	5,000	Direct Contracting	first qtr 2010	Y	PCU
B. Equipment							
Lao PDR							
1. Siphandone	1	5,000-25,000	50,000	Shopping Goods	third qtr 2010	N	PIU
2. Vang Vieng Drainage	1	5,000-60,000	100,000	NCB Goods	third qtr 2010	N	PCU
3. Tourism Corridors	6	1,000-5,000	30,000	Shopping Goods	third qtr 2010	N	PIU
4. Various (pro-poor)	15	1,000-5,000	33,000	NCB Goods	2009–2010	N	PIU
5. Vehicles (PCU/PIUs)	1	10,000-15,000	119,000	Shopping Goods	first qtr 2009	Y	
6. HRD Equipment	4	1,000–25,000	55,000	Shopping Goods	2009–2010	Y	PCU
Viet Nam							
1. Phong Nga Kebang	3	5,000–60,000	482,000	NCB Goods	third qtr 2010	N	PIU
2. Bac Kan Cultural Centre	2	5,000–50,000	65,000	Shopping Goods	third qtr 2010	N	PIU
3. Tourism Corridors	5	1,000–5,000	22,000	Shopping Goods	third qtr 2010	N	PIU

Description	Number of Contracts	Cost Estimate per Contract	Aggregated Total Cost Estimate	Mode of Procurement	Expected Date of Advertisement	Prior Review (Y/N)	Responsible Agency
4. Various (Pro-poor) ^a	8	1,000–5,000	33,000	NCB Goods	2009–2010	N	PIU
5. Vehicles/other (PCU/PIUs)	1	10,000–27,000	27,000	Shopping Goods	first qtr 2009	Y	PCU
6. HRD Equipment	3	1,000–25,000	55,000	Shopping Goods	2009–2010	Y	PCU
C. Consulting Services							
Lao PDR							
1. Design and Construction Supervision	1	378,000	378,000	QCBS	second qtr 2009	Y	PCU
2. Tourism/Management Consultants	18 ^b	8,000–200,000	792,000	Individuals	2009–2011	Y	PCU
3. HRD Output 4	2	230,000–280,000	450,000	CQS	2009–2010	Y	PCU
4. External monitoring and Resettlement/auditing/M&E	3	8,000–40,000	68,000	Individuals	2009–2013	Y	PCU
Viet Nam							
1. Tourism Management and Design Firm	1	951,000	951,000	QCBS	second qtr 2009	Y	PCU
2. Construction Supervision Firm	1	76,000	76,000	LCS	2009–2011	Y	PCU
3. HRD Output 4	2	180,000–270,000	450,000	CQS	2009–2013	Y	PCU
4. External Monitoring and Resettlement/Auditing/M&E	3	8,000–40,000	68,000	Individuals	2009–2013	Y	PCU
Total Contract Packages	134		12,149,000				

CQS = consultants qualifications selection, HRD = human resource development, M&E = monitoring and evaluation, NCB = national competitive bidding, LCS = least-cost selection, PCU = project coordination unit, PIU = project implementation unit, QCBS = quality- and cost-based selection, qtr = quarter.

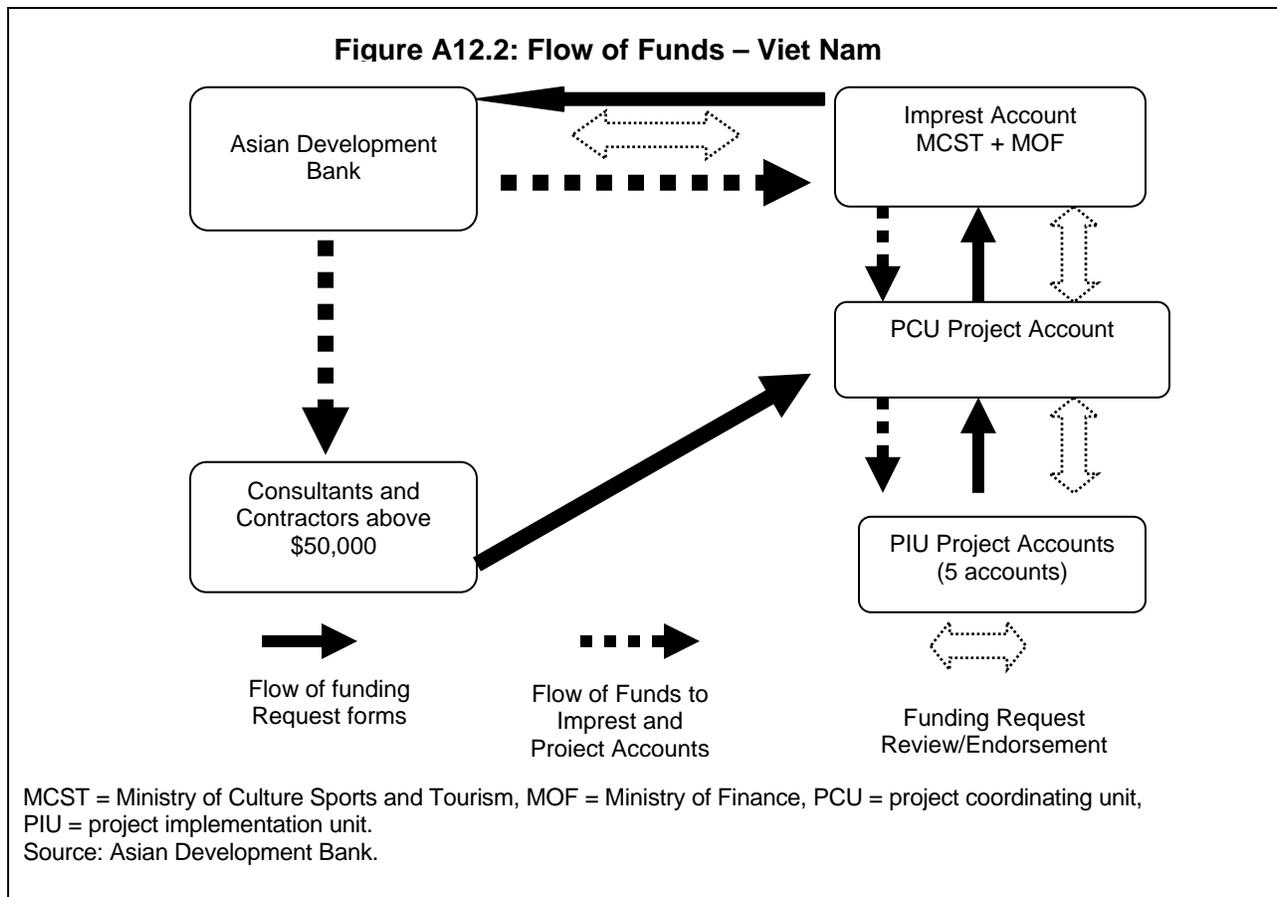
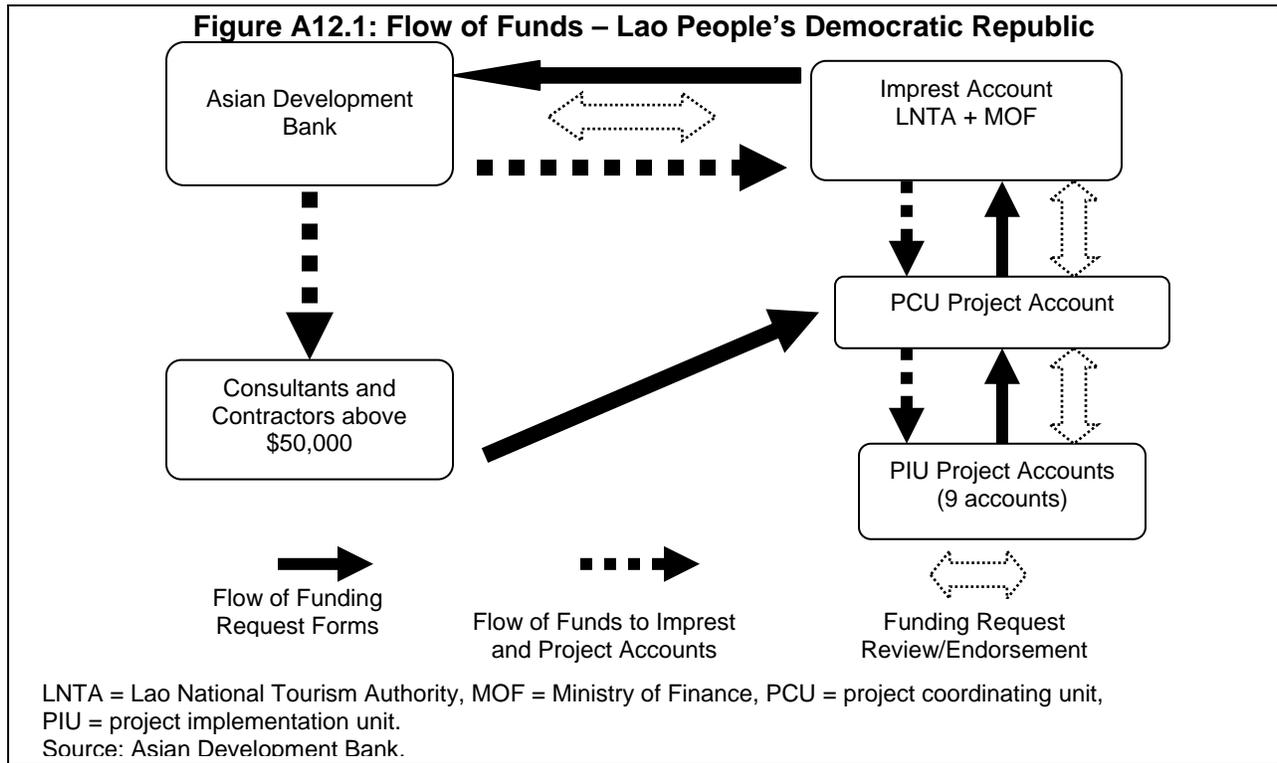
^a Only the first contract for each province will be reviewed.

^b Also includes the contracts for monitoring resettlement auditing and external project monitoring and evaluation.

Source: Asian Development Bank.

FUNDS FLOW MECHANISM

The proposed flow of funds for the Project in both countries are illustrated below.



SUMMARY INITIAL ENVIRONMENTAL EXAMINATION (LAO PEOPLE'S DEMOCRATIC REPUBLIC)

A. Introduction

1. The Sustainable Tourism Development Project (the Project)¹ will develop a sustainable, culturally and environmentally sound, pro-poor tourism approach for the Greater Mekong Subregion (GMS) and the implementation of the GMS Tourism Sector Strategy (GMS-TSS). The Project outcome will be sustainable tourism development that creates livelihood opportunities for the poor. The Project seeks to (i) enhance the protection and conservation of natural, cultural, and urban heritage assets of importance for tourism development; (ii) increase the contributions to poverty reduction of pro-poor tourism initiatives; (iii) develop sustainable tourism corridors; (iv) raise public officials' tourism-management skills in provinces and districts and at the site; and (v) improve service and hygiene standards among staff in small and medium-sized hospitality enterprises in the provinces.

2. The Project will have five outputs: (i) model sustainable tourism development projects protecting natural, cultural, and urban heritage sites of importance to tourism are operational; (ii) pro-poor, community-based, supply-chain tourism projects are developed and operational; (iii) community-operated facilities along the GMS economic corridors bring improved economic benefits to local communities; (iv) the human resource capacity of public and private tourism stakeholders is developed; and (v) efficient project management services are fully operational. Environmental assessment was conducted for small-scale infrastructure under outputs 1 through 3, while environmental consideration was included in output 4.² Three initial environmental examinations (IEEs) were prepared: (i) one each for two subprojects identified under component 1 and (ii) one for likely interventions to be identified under components 2 and 3. The environmental assessment and review framework was also developed. The summary of outputs is attached.

B. Description of the Environment

3. The project area has a typical tropical monsoon climate with pronounced wet and dry seasons and high rainfall, humidity, and temperatures. These climatic conditions vary with latitude and altitude within the country, with the mountains and highland areas receiving considerably more precipitation and less extreme heat than the floodplains.

4. The Mekong River flows through the Siphandone Wetland in southern Lao People's Democratic Republic (Lao PDR). The Mekong is a major source of water for agriculture, human domestic use, hydroelectricity, and freshwater fisheries. The wetland is a crucial feeding and rearing habitat for an area with exceptionally diverse fish and other aquatic fauna. About 1,200 species of fish have been identified in the Mekong River, including such well known endangered species such as the Irrawaddy dolphin, Mekong catfish, and giant barb.

5. There are several national protected areas in the Project area. Poverty rates in the project provinces are higher than the national average of 38.6%, except in Bokeo (37.4%) and

¹ The Project covers the following nine provinces: Champasak, Bokeo, Luang Namtha, Savanakhet, Oudomxay, Xayaboury, Saravanh, Houaphanh, and Vientiane.

² Small-scale infrastructure includes the following four categories of civil works: (i) construction or rehabilitation of existing footpaths, boat landing areas, and drainage; (ii) improvements to existing waste collection and management practices; (iii) construction or rehabilitation of existing markets; and (iv) protective and improvement measures in caves.

Vang Vieng town (32%). The upland ethnic minority communities in the project area suffer high rates of infant and maternal mortality; low access to health, education, and other social services; high illiteracy; and limited involvement in the market economy. Since the Lao PDR's tourism product is strongly associated with nature and culture, tourism can offer new sets of opportunities to poor people.

C. Potential Impacts and Environmental Management Plan

6. The small scale of the interventions means that potential negative impacts associated with their design, construction, and operation will be temporary, minor, and localized. They can be mitigated to acceptable levels.

7. **Visitor Impacts on Cave System.** A baseline survey will be conducted if construction of a walkway and lighting system in the Tham Eng cave site on the north–south economic corridor is selected under output 3. It is expected to indicate that the impacts can be effectively mitigated through the adoption of careful planning, design, construction, and operation.

8. **Unexploded Ordnance.** A baseline survey will be conducted to undertake a level 3 survey of unexploded ordnance to ensure the risks of exposure to the community and visitors is minimal with the development of small-scale tourism infrastructure. This is a precautionary measure, as one of the provinces selected for the pro-poor program is an affected area. Confirmation of clearance is required where there is site disturbance, especially works and construction below ground.

9. **Construction Impacts.** The subprojects involve small construction works (e.g., scenic lookouts, markets, toilets, and walking trails). Possible environmental impacts from construction may include loss of vegetation and increased dust, noise, traffic, waste, and soil erosion. These impacts will be temporary and addressed by a number of specific environmental screening criteria incorporated in the IEEs and the environmental assessment and review framework (EARF).

10. **Waste Collection and Treatment.** Higher numbers of visitors will generate increased solid wastes and wastewater. The proposed design includes the provision of waste collection bins and equipment, the installation of gross pollutant traps in existing drains, and improved management and hygiene practices at the solid waste site. The existing landfill site has sufficient capacity to treat more waste. Monitoring of waste collection will be undertaken to measure the volume and types of waste and appropriately design and modify current waste collection and treatment practices and awareness programs.

11. **Environmental Benefits.** The Project will improve the environmental and health situation in and around the subproject sites—and potentially in a larger area, if the models and approaches to the development of the subprojects are replicated as envisaged. Waterborne diseases are a significant health threat in the vicinity of all the subproject sites, especially the sustainable tourism and pro-poor sites. The Project will reduce solid wastes and water pollution in the Vang Vieng River in the Lao PDR, as well as improve the town's amenities as a tourist destination. It will demonstrate the use of low-impact visitor access infrastructure in sensitive environments such as at the Siphandone Wetland and at key attractions along the north–south economic corridor in the Lao PDR.

D. Public Consultation

12. A series of public consultations was conducted at the national, provincial, commune, and village levels during project preparation. Agency representatives and villagers supported the proposed project activities and provided variable inputs on the location and design of interventions. No major issues were identified with the proposed projects. The public consultations allowed ideas to be integrated into the design of mitigation measures and monitoring programs. Public consultation is an ongoing and integral process in project implementation. Continuous dialogue with the communities affected by and/or benefitting from the project, as well as with relevant governments, will be carried out during detailed design and implementation.

E. Environmental Assessment and Review Framework

13. The Lao National Tourism Administration (LNTA) is the Executing Agency, and the project coordination unit (PCU) will be established in it. The Executing Agency is responsible for coordinating relevant local agencies to ensure the adequate quality of IEEs, obtain IEE approval from the Water Resources and Environmental Administration, and monitor the progress of implementation. Provincial project implementation units (PIUs) will be established in the department of tourism of participating provinces. The PIUs bear the main responsibility for updating and implementing environmental management plans for the Siphandone and Vang Vieng subprojects, conducting environmental assessment for the subprojects to be identified under outputs 2 and 3, in accordance with the EARF prepared during project preparation.

14. The IEEs prepared for the Project will guide the PIUs in updating environmental management plans for the Siphandone Wetland and Vang Vieng subprojects during detail design. The EARF will guide each PIU in screening subprojects, specifying institutional requirements for environmental management and monitoring to ensure compliance with the applicable laws and regulations of the Government and the *Environment Policy* (2002) and *Environmental Assessment Guidelines* (2003) of the Asian Development Bank. The EARF is in Supplementary Appendix F.

15. The project includes the estimated environmental management plan costs of \$20,000 each for the Siphandone and Vang Vieng subprojects under output 1 and \$10,000 each for outputs 2 and 3 for the baseline survey for unexploded ordnance and the Tham Nam Eng cave, water monitoring, and any other necessary monitoring. Environmental personnel (3 person-months of international consultancy and 10 person-months of national) will be provided in the PCU and PIUs.

F. Conclusion

16. The IEE found that most of the proposed interventions will not adversely affect environmentally sensitive areas, nor will they cause significant changes in the physical, biological, and social environment. A special study will be conducted if the proposed interventions at the Tham Nam Eng cave site are selected to ensure that karst environments will not be disturbed. Any environmental effects will be minor and easily mitigated through the adoption of sound environmental planning, design, construction, and management practices at all sites. No environmental impact assessment is required for the Project.

Table A13: Summary of Outputs

Output 1: Sustainable Tourism Development		Output 2: Pro-poor Tourism Development	Output 3: Facilitation on Economic Corridors	Output 4: Human Resource Development	Output 5: Project Management
Natural Site	Urban Site				
Siphandone Wetland in Champasak Province	Vang Vieng town wastewater in Vientiane Province	Pro-poor tourism subproject in Saravanh Province, Oudomxay Province, Hoaphanh Province, Bokeo Province, and Vang Vieng District in Vientiane Province	On the north–south corridor, five points plus two border points: (i) Nam Ha Protected Area Interpretation Center, (ii) Nam Eng Cave Complex, (iii) Vat Mahaphot and ancient site, (iv) Nam Phae village scenic viewpoint, and (v) Don Chai/Phimonsin village handicraft market	Support for training of trainers in small-scale hospitality service skills and training of public officials at two existing training and education institutions	Support for efficient project management services
<p>(i) Preparation of a heritage-based tourism zoning, structure, and management plan</p> <p>(ii) Improvements to the 4 km access road</p> <p>(iii) Environmental improvements at Ban Nakasang and on Don Det and Done Kone</p> <p>(iv) Construction of visitor information and interpretation facilities and fully interpreted access trails at Nakasang and on Don Det, Done Kone, and smaller islands</p> <p>(v) Capacity building and support program for local communities</p> <p>(vi) Development and implementation of a community-based natural resource monitoring protocol</p>	<p>(i) Extension of drains in the core of the town</p> <p>(ii) Road pavement and improvements to secondary roads in the town core</p> <p>(iii) Installation of gross pollutant traps and a wetland filter to remove solid waste</p> <p>(iv) Provision of an additional vehicle for solid waste collection</p> <p>(v) Environmental awareness campaign for residents and business establishments</p> <p>(vi) Training of the Urban Development Administrative Authority staff</p>	<p>(i) Community-based tourism product development</p> <p>(ii) Identification of tourism development supply chain</p> <p>(iii) Capacity building for micro enterprises</p> <p>(iv) Small-scale infrastructure such as information centers, walking trails, and sanitary facilities</p> <p>(v) Gender development participation program</p> <p>(vi) Marketing and promotion program</p> <p>(vii) Community-based tourism networks</p> <p>(viii) Impact monitoring</p>	<p>(i) Preparation of tourism development and management plans for the sites</p> <p>(ii) Construction of small-scale infrastructure</p> <p>(iii) Community preparation and livelihood support program</p> <p>(iv) Tourism management training for site managers and local tour guide training program</p> <p>(v) Marketing and promotion program for the north–south economic corridor tourism circuit</p> <p>(vi) Impact monitoring and evaluation program</p>	<p>Tourism training for industries, communities and the government</p> <p>(i) review of existing training needs</p> <p>(ii) development of services standards for small and medium-sized enterprises in tourism and hospitality enterprises and training standards</p> <p>(iii) development of training manuals and materials</p> <p>(iv) development of web-based knowledge center</p>	<p>(i) Set up project coordination units</p>

Source: Asian Development Bank.

SUMMARY RESETTLEMENT PLAN AND FRAMEWORK

1. A resettlement plan has been prepared for the two subprojects in component 1 of the Sustainable Tourism Development Project (the Project), where sites have been identified and surveys and consultations found that resettlement and land acquisition will be necessary. Resettlement frameworks for the Lao People's Democratic Republic (Lao PDR) and Viet Nam have been prepared because the prioritization and selection of sites for subprojects in outputs 2 and 3 will follow a sector approach and be done during project implementation. The frameworks have been developed based on the *Policy on Involuntary Resettlement* (1995) of the Asian Development Bank (ADB) and include the specific policies and guidelines for the processes of land acquisition and resettlement for each of the two countries.

2. **Scope of Land Acquisition and Resettlement Impacts.** Resettlement plans have been prepared for the subprojects in Siphandone in Lao PDR and Phong Nga Khe Bang National Park in Viet Nam. In Siphandone, 28 households with 141 people will be affected. Three households will be relocated, and 28 households (including the three to be relocated) will experience temporary impacts from the relocation of their market stalls. The shop owners have been guaranteed a stall at the new market to be constructed under the Project. Seven of the affected households are poor, and two are headed by women. In Phong Nga Khe Bang, one household of six people will lose 900 square meters of land currently used for farming. The household is neither poor nor ethnic minority. No resettlement plan is required for the Vang Vieng subproject in the Lao PDR or the Bac Kan subproject in Viet Nam, as they will not require any land acquisition or resettlement. In the unlikely event that land acquisition or resettlement will become necessary, any impacts will be addressed in accordance with the respective resettlement frameworks.

3. For each remaining subproject found to require land acquisition and resettlement, a resettlement plan will be prepared by the project implementation units (PIUs) under the guidance of the project coordination units (PCUs). It is envisaged that, as the interventions will be small and priority will be given to avoiding or minimizing resettlement and land acquisition, impacts will not be significant. Some minimal resettlement or land acquisition may be necessary, such as relocating a few households; effects on farmland or garden plots and crops; and the utilization of public or communal land for the construction of small markets, parking lots, covered bus stops, river landings and stairs, embankment protection, cultural and interpretation centers, refreshment stands, walkways, footbridges, toilets with water supply, ticket booths, lodges, pavilions, and signage. As all impacts are expected to be minimal, it is likely that only short resettlement plans will be prepared for this Project.

4. **Legal and Policy Framework.** The policy framework and entitlements have been developed from the relevant laws, decrees, and regulations of the governments of Viet Nam and the Lao PDR and ADB's *Policy on Involuntary Resettlement* (1995). Both countries have enacted a number of laws, decrees, and regulations that constitute the legal framework for land acquisition, compensation, and resettlement. Provisions and principles adopted in the resettlement plans and frameworks will supplement the provisions of relevant decrees currently in force in Viet Nam and the Lao PDR, wherever a gap exists.

5. **Principles of Resettlement.** The following principles were formulated to bridge the differences between ADB and government resettlement policies and will apply to all civil works undertaken:

- (i) Involuntary resettlement and impacts on land, structures, and other fixed assets will be avoided or minimized where possible by exploring all alternative options.
- (ii) Affected people residing, working, doing business, or cultivating on required land as of the completion date of the census and detailed measurement survey will be entitled to compensation and rehabilitation assistance to assist them in improving, or at least maintaining, their pre-project living standards and productive

- capacities. The Project will ensure that affected people are able to find alternative sites and income sources.
- (iii) Lack of formal legal title or rights will not be bar eligibility for compensation and assistance under the Project. Affected people will not be displaced until the village allocates suitable alternative land or compensation is paid that is sufficient to purchase suitable land in the same or a neighboring village.
 - (iv) All compensation will be based on replacement cost at the time of compensation. For houses and other structures, this will involve the costs for materials and labor at the time of acquisition, with no deduction for depreciation or salvageable materials. Compensation for land will be replacement land as a priority or, where this is not possible, in cash adequate to purchase land locally of equivalent area and quality and, where required, to improve land to achieve suitable quality.
 - (v) The process and timing of land and other asset acquisition will be determined in consultation with affected people to minimize disturbance.
 - (vi) Where houses and structures are partly affected to the degree that the remaining portion is not viable for its intended use, the Project will acquire the entire asset, and affected people will be entitled to compensation at replacement cost for the entire asset.
 - (vii) Affected people will be systematically informed and consulted about the Project, their rights, the options available to them, and proposed mitigating measures. The comments and suggestions of affected people and communities will be taken into account.
 - (viii) The key information in the resettlement plan, such as the measurement of losses, detailed asset valuation, compensation and resettlement options, detailed entitlements and special provisions, grievance procedures, timing of payments, and displacement schedule will be disclosed to affected people in an understandable format, such as through the distribution of public information booklets, prior to submission to ADB for review and approval.
 - (ix) Resettlement identification, planning, and management will ensure that gender concerns are incorporated, including gender-specific consultation and information disclosure. This includes special attention to guarantee women's assets, property, and land-use rights, and to ensure the restoration of their income and living standards.
 - (x) Existing cultural and religious practices will be respected and, to the maximum extent practical, preserved.
 - (xi) Special measures will be incorporated in the resettlement plan to protect socially and economically vulnerable groups such as indigenous peoples, households headed by women, children, households headed by the disabled, the elderly, the landless, and people living below the generally accepted poverty line. Vulnerable affected people will be provided with appropriate assistance to help them improve their standard of living through asset-building strategies such as land provision, replacement housing of minimum standards, and strengthened security of tenure.
 - (xii) There will be effective mechanisms for hearing and resolving grievances during the updating and implementation of the resettlement plan. Resettlement committees will include representatives from affected people, especially women and other vulnerable groups.
 - (xiii) Institutional arrangements will be in place for the timely and effective design, planning, consultation, and implement of the land acquisition, compensation, resettlement, and rehabilitation programs.
 - (xiv) Adequate budgetary support will be fully committed and made available to cover the costs of land acquisition and resettlement within the agreed implementation period.
 - (xv) Appropriate reporting, monitoring, and evaluation mechanisms will be identified and set in place as part of the resettlement management system. Monitoring and

evaluation of the land acquisition, resettlement, and rehabilitation processes and their final outcomes will be conducted by an independent monitor.

- (xvi) Voluntary donation will not be applied for any assets.
- (xvii) Civil works contracts will not be awarded for a specific subproject or geographic area until (a) compensation payment and relocation to new sites have been satisfactorily completed for that subproject or geographic area; (b) the agreed rehabilitation program is in place; and (iii) the area is free from all encumbrances as per the approved resettlement plan.
- (xviii) Cash compensation or replacement land for affected households losing all of their residential land will be made available well ahead of civil works to allow the affected households sufficient time to reconstruct their houses.
- (xix) No demolition of assets and/or entry to properties will be done until the affected household is fully compensated and relocated.

6. **Entitlements and Compensation.** Entitlements and compensation are based on the Project's social surveys and consultations and on the Governments' and ADB's requirements and procedures. People eligible for compensation are those who will experience negative impacts on their assets or livelihoods as a result of the Project. Affected people who appear in the subprojects' census will be entitled to compensation and assistance. Loss of land will be compensated through land-for-land arrangements or, if the affected people prefer, cash compensation at an amount equal to the current market value. For affected houses and structures, compensation and assistance will be equivalent to the provision of, or full replacement costs for, building a house or structure of the same size and standard. Loss of unharvested annual crops will be compensated at current market value. Relocating households will receive subsistence allowances, and affected people belonging to vulnerable groups will be entitled to additional special allowances. The resettlement frameworks contain detailed entitlement matrixes summarizing types of impact, eligibility, and compensation. However, it may not cover all types of impact and can be enhanced in the resettlement plans depending on the findings of the surveys and subproject impacts. Standards described may not be lowered but may be enhanced in the ensuing resettlement plans as required and on the basis of detailed social impact analysis. The entitlement matrix is found in the resettlement frameworks in Supplementary Appendix B.

7. **Consultation, Disclosure, and Grievance Redress.** At the early stages of project preparation, local authorities and leaders of different administrative levels in each of the Project areas were informed about the project proposal and its objectives and proposed activities. They were consulted on development needs and resettlement issues, their perception of project objectives and technical designs, and their tasks and roles in project planning and implementation. Affected people were informed of the proposed Project by household and have been involved in developing the proposed resettlement and compensation packages. Some have expressed their preference for the type of compensation to receive. Disclosure of the resettlement plans to the affected people has been done, using locally appropriate information booklets. Further consultations will be undertaken prior to finalizing detailed design to incorporate affected people's requests and suggestions to minimize resettlement impacts. A grievance mechanism has been established to ensure that affected people's concerns and grievances are addressed and resolved in a timely and satisfactory manner. Affected people will be made fully aware of their grievance rights and the procedures, verbally and in writing, during consultation and the survey and at the time of compensation.

8. **Implementation Arrangements.** Responsibility for resettlement spans various levels of government and project contractors. In Viet Nam, these include the Ministry of Culture, Sports, and Tourism; provincial people's committees; district people's committees, project implementation consultants; and specifically formed provincial, district, and village resettlement committees. The resettlement framework and plans will be approved by the Ministry of Culture, Sports and Tourism

(MCST) and the provincial people's committees of the relevant provinces. In the Lao PDR, the institutions responsible include the Lao National Tourism Administration (LNTA); Urban Development Administration Authority's Department of Public Works and Transport (in Vang Vieng); Water Resource and Environment Administration; project implementation consultants; provincial authorities; and specifically formed provincial, district, and village resettlement committees. The resettlement framework and plans will be approved by LNTA and the Water Resources and Environmental Administration and endorsed by the relevant provinces. The PIUs will ensure coordination of provincial and/or district agencies involved in resettlement and review compensation rates and the resettlement budget.

9. **Implementation Schedule.** The resettlement plans include detailed implementation schedules coordinated with the civil works schedule. All subproject resettlement plans will be reviewed by ADB prior to project implementation. Approval to award any civil works contracts will not be given until the required lands have been fully acquired and the affected households are appropriately compensated and relocated.

10. **Monitoring and Evaluation.** The PCU and PIUs are responsible for internal monitoring of land acquisition and resettlement. The PIUs will submit quarterly resettlement reports to the PCUs. The PCUs will include PIU resettlement progress in the Project's quarterly progress reports submitted to ADB. Monitoring reports will be uploaded to ADB's website. For external monitoring and post evaluation activities, the PCUs will engage a suitable domestic agency acceptable to ADB, under terms of reference acceptable to ADB. The PCUs and PIUs will provide the domestic agency with all resettlement-related documents.

11. **Cost and Budget.** Adequate budgetary support will be fully committed and made available to cover the costs of land acquisition and resettlement within the agreed implementation period. Subproject resettlement plans will include a breakdown of each type of loss with corresponding cost estimates reflecting replacement costs at current market values. The cost estimates will make adequate provision for contingencies.

12. **Resettlement Frameworks and Resettlement Plans.** Table A14 provides a summary of project impacts for the two countries and the related resettlement documentation required at the different stages of project preparation.

Table A14: Summary of Project Impacts

Subproject/Output	Marginal impact (HHs)	Significant Impact (HHs)	No RP	Prior to Appraisal			After Detailed Design	
				Short RP	Full RP	Framework	Short RP	Full RP
Lao PDR								
Siphandone Wetland	28	0		x				
Vang Vieng Town	0	0	x					
Pro-poor community-based tourism						x	x	
Tourism Corridors						x	x	
Viet Nam								
Phong Nga Khe Bang National Park	1	0		x				
Bac Kan Ethnic and Cultural center	0	0	x					
Pro-poor community based tourism						x	x	
Tourism corridors						x	x	

HH = household, Lao PDR = Lao People's Democratic Republic, RP= resettlement plan.

Source: Asian Development Bank.