

Report of the Joint Project Formulation Study
- Fact Finding Study on Tourism Development in the Lao PDR
under the Japan Singapore Partnership Program
for the 21st Century

September, 1999

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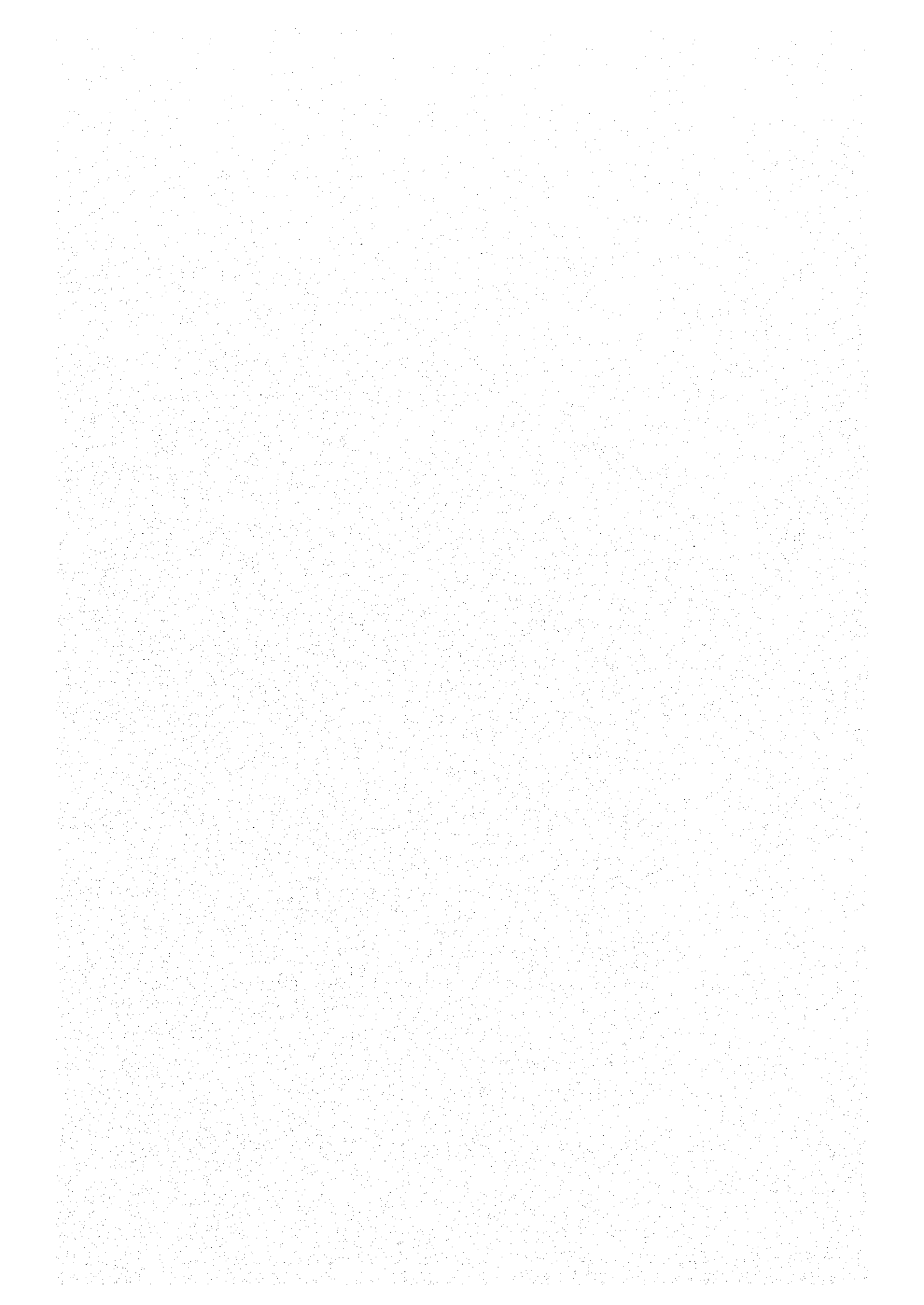
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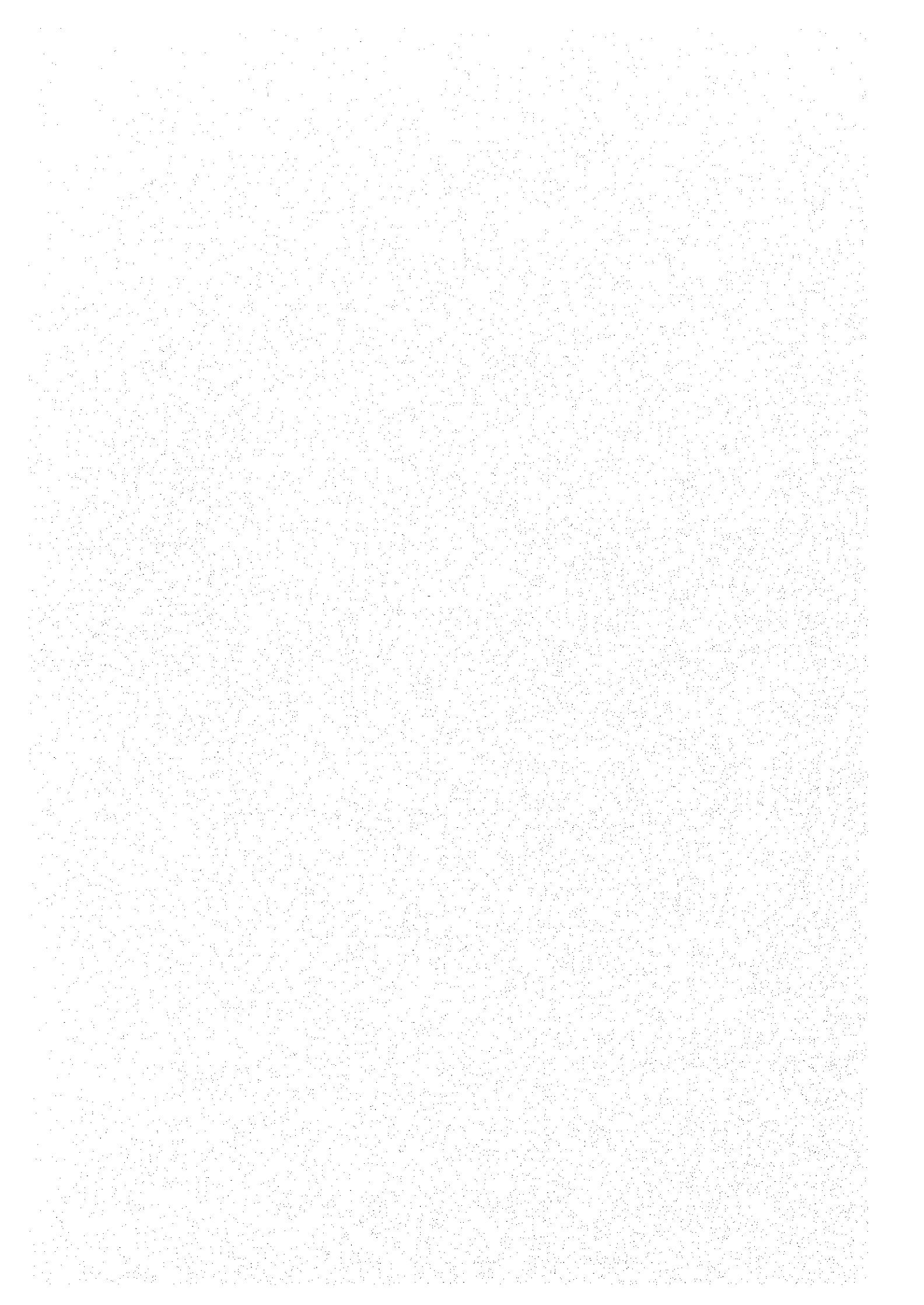
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**The Government of Singapore
Japan International Cooperation Agency**

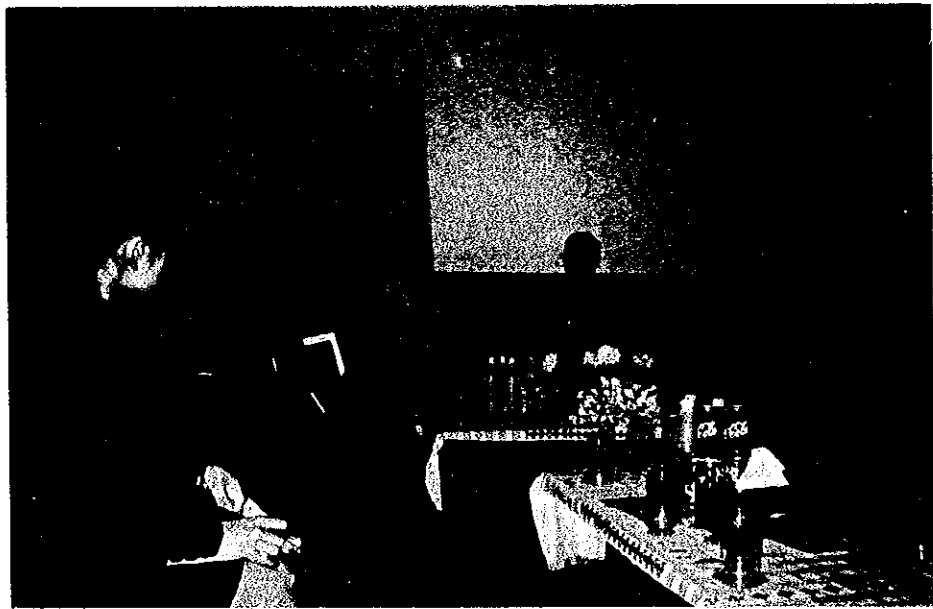


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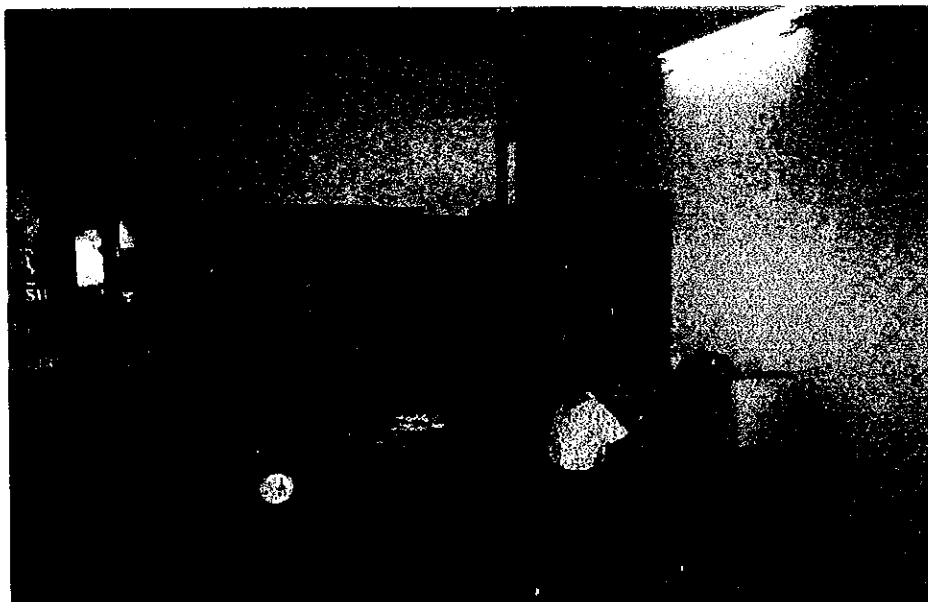
Maps



Interview to National Tourism Authority (NTA)

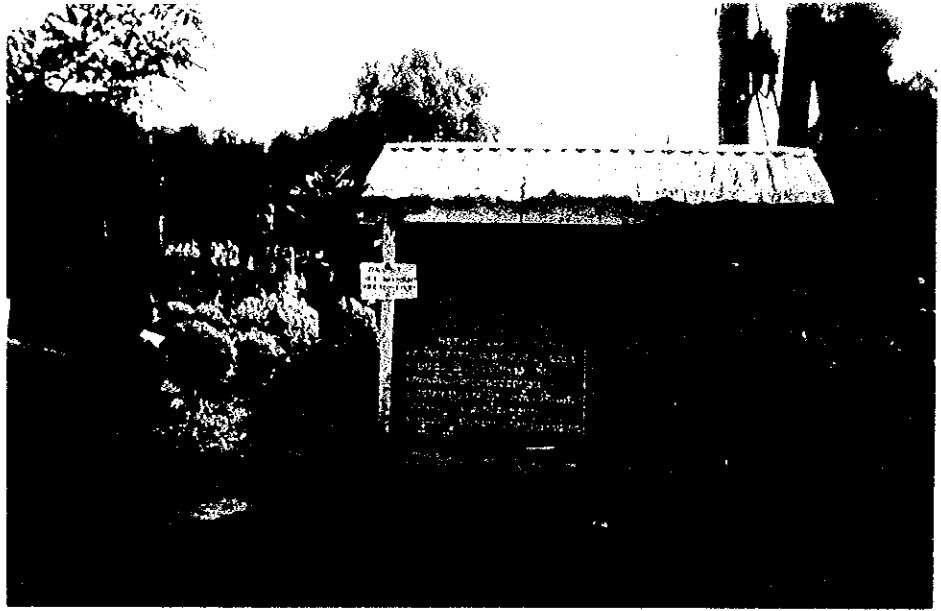


Tourist Information Centre in NTA

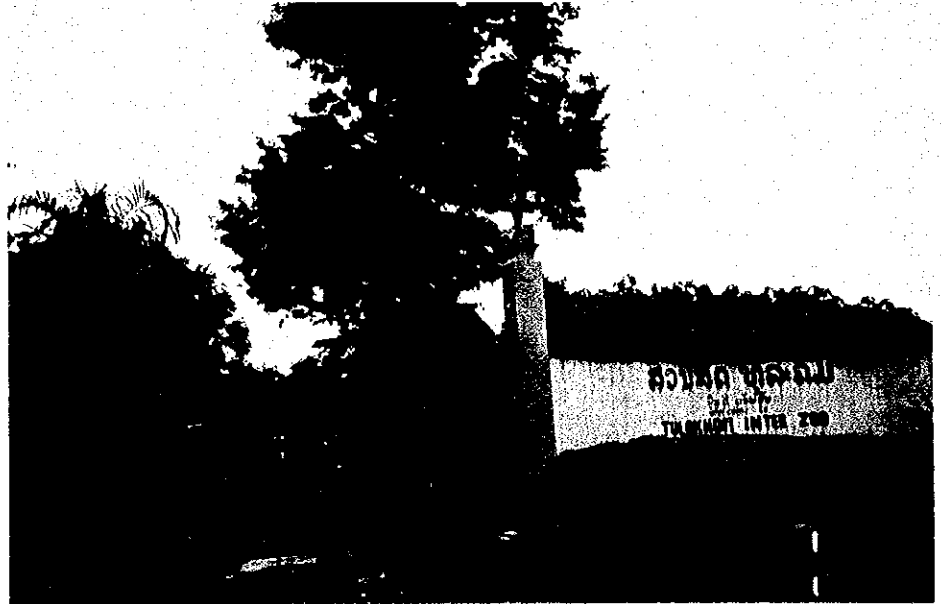


Attractions in and around Vientiane

Budda Park



Tulakhom Zoo



Golf Link



Site Observation in Luang Phabang

Pak Ou Caves

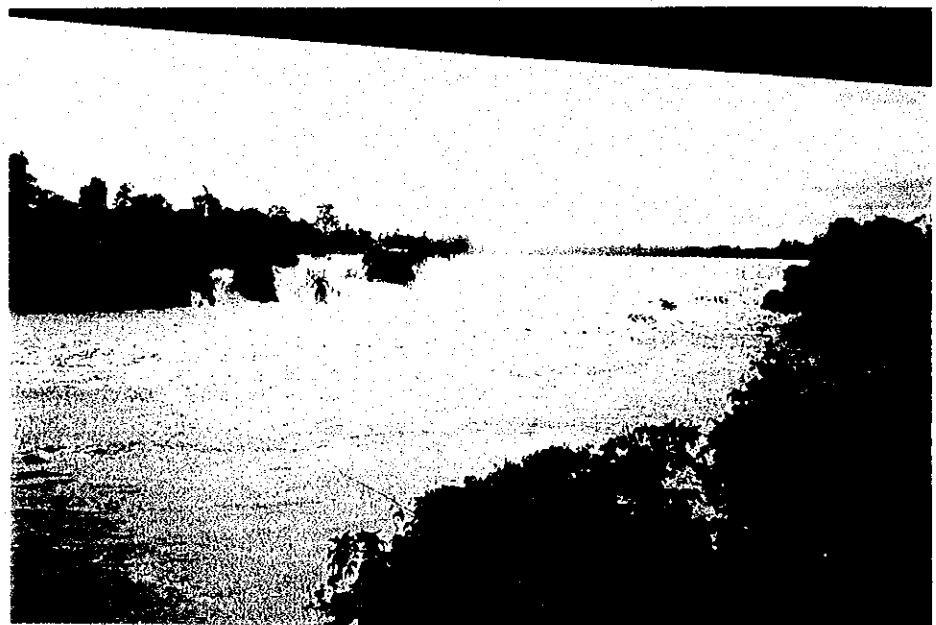


Site Observation in Champasak Province

Pakse Bridge

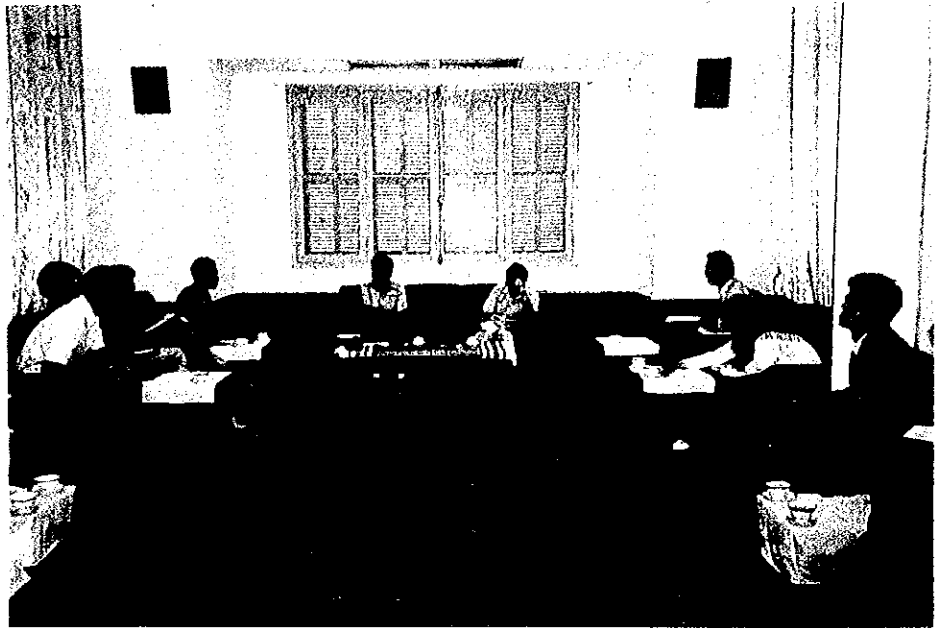


Khon Phaoheng Falls



Site Observation in Luang Phabang

Courtesy Call to the
Vice-Governor



Royal Palace Museum



KUANSI water fall

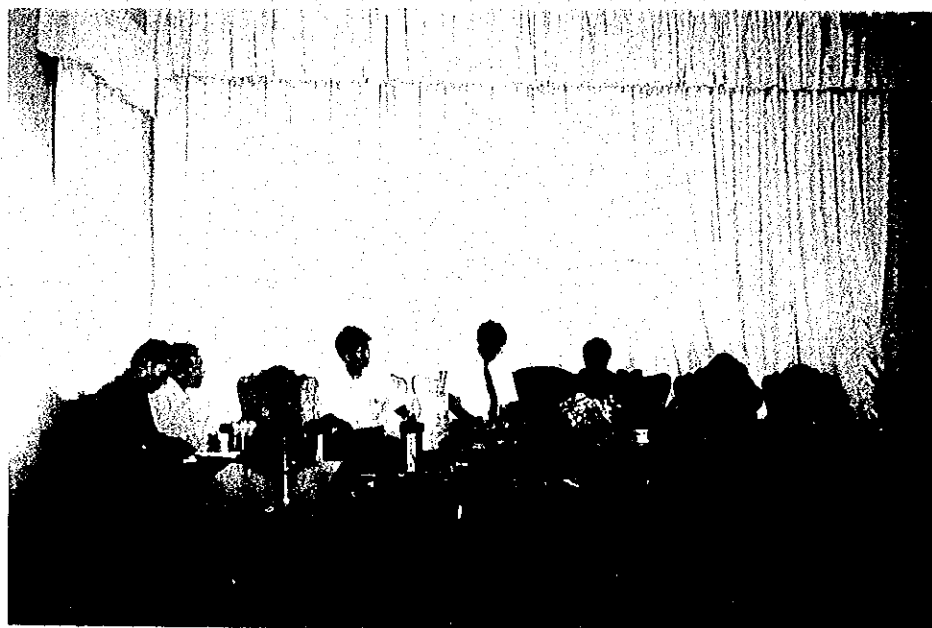


Site Observation in Champasak Province

Wat Phou (Khmer Temple)



Courtesy Call to the
Vice-Governor



The Joint-Project Formulation Team signed the Minutes of Meetings.



List of Abbreviation

ADB:	Asian Development Bank
CIC :	Committee for Investment and Cooperation
ESCAP:	United Nations Economic and Social Commission for Asia and the Pacific
JICA:	Japan International Cooperation Agency
JSPP21:	Japan-Singapore Partnership Programme for the 21st century
MCTPC :	Ministry of Communication, Transportation, Post and Construction
MPDF :	Mekong Project Development Formulation
MRC:	Mekong River Commission
NTA:	National Tourism Authority
STENO :	Science, Technology and Environment Organization
STB:	Singapore Tourism Board
UNDP:	United Nations Development Programme
UNESCO:	United Nations Educational, Scientific and Cultural Organization

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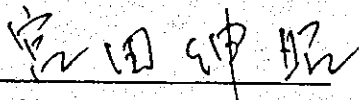
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Minutes of Meetings of the Joint Project Formulation Study Team

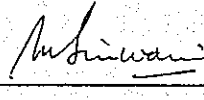
Minutes of Meetings of the Joint Project Formulation Study Team
on Tourism Development in Lao People's Democratic Republic
under the Japan-Singapore Partnership Programme for the 21st Century

1. The Joint Project Formulation Study Team (hereinafter referred to as "the Team"), organized by the Government of Singapore and the Japan International Cooperation Agency (hereinafter referred to as "JICA"), co-headed by Mr. Desmond Koh and Mr. Nobuaki Miyata, visited Lao PDR from 12 to 18 September 1999 for the fact-finding study and discussion of possible assistance in the field of tourism development with the authorities concerned of the Government of Lao PDR.
2. The Team has conducted study, held a series of meetings and exchanged views with the authorities concerned of Lao PDR such as National Tourism Authority (hereinafter referred to as "NTA") in Vientiane and Luang Prabang, as well as with United Nations Development Programme (UNDP) and tourism private sector regarding development of tourism.
3. The Team drew up a list of possible areas of cooperation for tourism development as attached Appendix . The Team will report the list to their respective Governments so that further consideration should be taken in order to ascertain if certain projects from the list could be carried out under the auspices of the Japan-Singapore Partnership Programme for the 21st Century (hereinafter referred to as "JSP21"). The Team also recognized the need for appropriate procedures to be taken by each country in ensuring the successful realization of some projects in Appendix , especially in FY 2000.

Vientiane, 17 September, 1999



Mr. Nobuaki MIYATA
Head,
Joint Formulation Study Team,
JICA

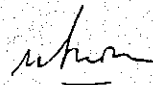
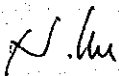


Mr. Manik T BINWANI
First Secretary,
The Embassy of the Republic of Singapore
Singapore

Possible Areas of Cooperation for Tourism Development

The Team has conducted the study and concluded that the projects listed in the following pages could be possible areas of cooperation for tourism development of Lao PDR by the Governments of Singapore and Japan.

The Team will report its findings to the Governments of Singapore and Japan for further consideration. It is expected that the projects to be implemented will be decided in the JSPP21 Planning Committee Meeting for FY 2000 in Tokyo. Both Governments would identify certain projects for implementation in FY 2000 and the Government of Lao PDR would be informed through the respective diplomatic channels and required to take necessary procedures in line with the technical cooperation scheme of Singapore and Japan.



List of Possible Areas of Cooperation in Tourism Development for Lao PDR by the Governments of Singapore and Japan

Projects by Japan / Singapore	Cooperation Objectives of Japan/Singapore (Targets to be achieved)	Type of Cooperation	Site
Human Resource Development in Tourism Industry			
1) Short Term Training in Hotel, Guesthouse, and Restaurant Operational Skills	To train NTA staff and front-line personnel in the Lao tourism industry in basic operational skills (including training of English)	Training Course in Laos (preferred), Singapore and/or Japan	Laos Singapore Japan
Tourism Management			
2) Train-the-Trainers in Tourism Management	To train 5 NTA trainees in tourism management (including site observations of key tourist attractions in Singapore)	Training in Singapore and/or Japan	Singapore Japan
Strategy and Plan on Tourism			
3) Seminar on Developing Effective Tourism Marketing and Development Strategies	To widen the skills and knowledge of senior NTA officials and key stakeholders in the Lao travel and tourism industry in the areas of destination marketing	Joint Seminar	Laos
Promotion of Foreign Investment on Tourism			
4) Seminar on Promoting of Foreign Investment in Tourism Sector	To widen the knowledge of NTA and other relevant government officials on the promotion of foreign investments in the Lao tourism sector	Joint Seminar	Laos

List of Possible Areas of Cooperation in Tourism Development for Lao PDR by the Government of Japan

Projects by Japan	Cooperation Objectives of Japan (Targets to be achieved)	Type of Cooperation	Site
Information Services on Tourism			
1 Improvement of Tourism Information in English and Japanese	To assist NTA officials for management of web-site in English and Japanese	Dispatching Japan Overseas Cooperation Volunteers (JOCV)	Laos
2	To assist NTA officials for creating promotional materials in English or Japanese		
3	To assist NTA officials for elaborating the monthly report in English and Japanese		
4	To assist NTA officials for creating sign boards and/or explanatory board		
5	To teach Japanese language for NTA staffs and other relevant personnels		
Advice on Human Resource Development and Tourism Promotion			
6 Advice on Human Resource Development of NTA (including facilitation of projects under JSPP21)	To assist NTA officials for developing human resource in the public and private sector (including improvement of training courses in NTA and assistance in the curriculum of new training courses)	Dispatching Technical Cooperation Experts (long-term expert will be considered.)	Laos
7	To facilitate the training courses and seminars to be held under JSPP21, if necessary		
8 Advice on Tourism Promotion	To assist NTA officials for improving management of the tourist information center and public relations		

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Summary

Considering the significance of tourism development in the Lao PDR, the Governments of Singapore and Japan dispatched a joint team to study the problems and needs for foreign assistance, and to draw up a list of possible areas of cooperation which can be jointly implemented, mainly in FY 2000.

The joint study team stayed in the Lao PDR from September 7 to 22, and exchanged views such concerned organizations as the NTA, CIC, MCTCP, STENO, Provincial Governments of Luang Prabang and Champasak, UNDP, MRC, MPDF, Lao Aviation, and other tourism-related industries.

The joint study team observed that the Lao PDR has high potential in tourism, human resources development is so insufficient that training, marketing and promotion must be developed.

The joint study team suggested the following possible cooperation areas .

1. Joint Training Course

- (1) Short-Term Training in Hotel, Guesthouse, and Restaurant Management Skills
- (2) Train-the-Trainers in Tourism Development

2. Joint Seminar

- (1) Seminar on Developing Effective Tourism Marketing and Development Strategies
- (2) Seminar on Promoting of Foreign Investment in the Tourism Sector

3. Dispatching Japanese Technical Cooperation Expert(s) to provide advice on Human Resource Development in the NTA and/or Tourism Promotion

4. Dispatching Japan Overseas Cooperation Volunteer(s) for Improvement of Tourism Information in English and Japanese

The Team also suggested that both Governments dispatch other joint project-finding study teams to perform fact-finding for possible joint technical cooperation projects, especially in human resources development, by taking the result of the first project formulation study into consideration.

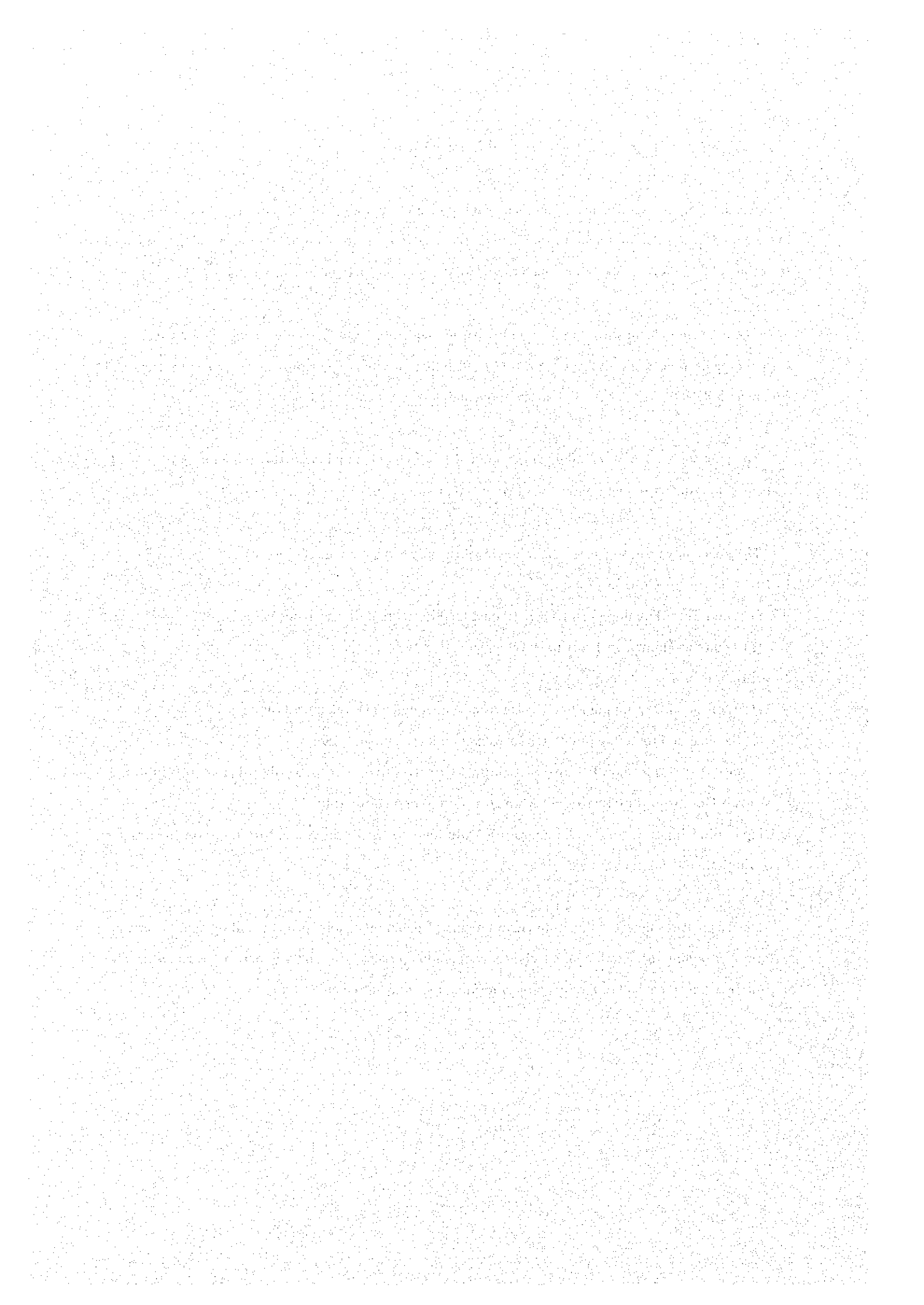


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1 Mission Terms of Reference

1-1 Background

One macro-economic problem facing the Lao PDR is inflation and devaluation of currency based on an insufficient foreign currency reserves. Because of this, it is important to increase fiscal revenue and foreign currency in the country.

Revenue from the tourism sector in 1998 was \$ 7.99 million, which was more than any other sector. The number of tourist per year is increasing steeply, from 14,400 people in 1990 to 500,000 in 1998. Tourism sector is expected to attract much foreign currency. Development of the service sector is one of the 8 priority areas in "the National Program for Social Development of the Lao PDR in 1996-2000", and the period 1999 - 2000 is defined as the "Visit Laos Year" by the Government of the Lao PDR.

Japan proposed to implementation of the Joint Project Formation Study at the JSPP21 FY1998 Planning Committee Meeting in March 1998. At the next Meeting in March 1999, Singapore proposed a study on tourism development of the Lao PDR; both sides agreed to it as a project-formulation study under JSPP21 in FY1999, taking "Visit Laos Year 1999-2000" into consideration, and organized a joint study team consisting of personnel from both sides to facilitate a formulate effective and efficient cooperation project by utilizing the resources of both countries.

1-2 Objectives

The objectives of this survey are;

- a. To study the present situation and identify specific needs in tourism development in Laos;
- b. To identify and formulate possible joint cooperation, especially that to be implemented in FY 2000 in the field of human resources development.

The project formulation study is basically for fact-finding purposes only. The team cannot make an official commitment for assistance on behalf of the Governments of Singapore and Japan.

1-3 Members in the Mission for the Study

Table 1. Members in the Mission for the Study

Field of Expertise	Name	Position / Office	Participation Period
Co-Leader (Singapore)	Mr. Desmond Koh	Assistant Director of Planning, Technical Cooperation Directorate, Ministry of Foreign Affairs	12/9-15/9
Co-Leader (Japan)	Mr. Nobuaki Miyata	Deputy Resident Representative, JICA Laos Office	13/9-17/9
Cooperation Policy (Japan)	Mr. Mitsuaki Mizuno	Official, Technical Cooperation Division, Economic Cooperation Bureau, Ministry of Foreign Affairs	12/9-19/9
Tourism Development (Singapore)	Ms. Teresa Cheong	Manager, Regional Tourism Division (South East Asia) Singapore Tourism Board	12/9-18/9
Tourism Development (Singapore)	Ms. Noorfarahin Ahmad	Regional Tourism Assistant, Regional Tourism Division, Singapore Tourism Board	12/9-18/9
Cooperation Planning (Japan)	Mr. Masayoshi Takehara	Staff member, Southeast Asia Division, Regional Department, JICA	11/9-19/9
Tourism Planning (Japan)	Ms. Satomi Suzuki	Project Formulation Advisor, JICA Singapore Office	11/9-22/9
Tourism Resource Study (Japan)	Mr. Yuji Fujiwara	Consultant, International Division, Sanwa Research Institute Corporation	6/9-23/9

1-4 Schedule for the Study

Table 2. Schedule for the Study

Date	Day	Schedule
7/9/99	Tues.	Interviews to JICA Laos office /NTA / MCTPC
8/9/99	Wed.	Interviews to Travel Agents and Hotel Managers / MPDF
9/9/99	Thurs.	Interviews to MCTPC, UNDP and Lao Aviation
10/9/99	Fri.	Interviews to MPDF / MRC / STENO
13/9/99	Mon.	Meetings with Embassy of Japan / Singapore / NTA
14/9/99	Tues.	Interview to UNDP Courtesy calls to Mr. Cheng SAYAVONG, Chairman of the NTA Interview to travel managers and hotel managers Courtesy calls to the Vice-Governor, Luang Prabang Province Interview to NTA Luang Prabang Office
15/9/99	Wed.	Site Observation in Luang Prabang: KUANGSI water fall, TAD SAE waterfall, and TAM TING cave
16/9/99	Thurs.	Site Observation in Luang Prabang: National Museum and Wat Sieng Thong, PHOUSHI hill
17/9/99	Fri.	NTA / CIC / Embassy of Japan / JICA office
18/9/99	Sat.	Site observation in Pakse
19/9/99	Sun.	Site observation : Khong Pha Pheng and Vat Phou
20/9/99	Mon.	Courtesy call to the Vice-Governor, Champasak Province Courtesy call to and discussion with NTA Champasak Office CIC / JICA office
21/9/99	Tues.	MPDF / Lao Aviation / Embassy of Japan / JICA office
22/9/99	Wed.	(Bangkok) ESCAP / Bangkok Airways

- ※ 7/9/99 - 10/9/99 : studied by Mr. Fujiwara
 12/9/99 - 17/9/99 : studied by all of the team members
 18/9/99 - 20/9/99 : studied by Ms. Suzuki and Mr. Fujiwara
 21/9/99 - 22/9/99 : studied by Mr. Fujiwara

2 Major Observations by Japanese Mission Members

2-1 Situation of Tourism in Laos

2-1-1 Tourism Statistics in Laos

(1) Number of visitors classified by year

According to statistics issued by National Tourism Authority, the number of visitors increased by 3500% from 14,400 in 1990 to 500,200 in 1998. 650,000 visitors are expected in 1999. The increase of visitors is attributed to the opening of the Friendship Bridge between Thailand and Vientiane.

Table 3. Number of Visitors Classified by Year

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total	14,400	37,613	87,571	102,946	146,155	346,460	403,000	463,200	500,200

(Source: NTA 1998 Statistical Report on Tourism in Laos)

(2) Number of visitors classified by country

Visitors from neighboring countries account for over 70%. 55% are visitors are from Thailand, and 60% of them use a border pass which does not require a passport. The NTA has a desire to increase the number of visitors from U.S.A, France, U.K., Japan and Australia, but no aggressive promotional activities have taken place so far.

Table 4. Number of Visitors Classified by Country

		1997	1998	1998 Share	Growth Rate	Ranking
Total		463,200	500,200	100.0%	8.0%	
Asia	Regional Total	364,309	371,881	74.3%	2.1%	
	Thailand	261,826	273,095	54.6%	4.3%	1
	Vietnam	79,659	78,216	15.6%	-1.8%	2
	China	17,661	15,802	3.2%	-10.5%	6
	Myanmar	5,163	4,768	1.0%	-7.7%	12
	<i>Japan</i>	<i>9,194</i>	<i>12,936</i>	<i>2.6%</i>	<i>40.7%</i>	<i>7</i>
	<i>Singapore</i>	<i>1,606</i>	<i>2,192</i>	<i>0.4%</i>	<i>36.5%</i>	<i>15</i>
	Australia	7,876	9,579	1.9%	21.6%	8
	India	5,866	8,814	1.8%	50.3%	10
	Malaysia	2,274	2,464	0.5%	8.4%	14

Europe	France	13,745	17,863	3.6%	30.0%	4
	U.K.	6,054	8,902	1.8%	47.0%	9
	Germany	5,524	7,529	1.5%	36.3%	11
	Other (Europe)	13,260	17,782	3.6%	34.1%	5
The Americas	USA	14,442	20,174	4.0%	39.7%	3
	Canada	3,555	4,737	0.9%	33.2%	13

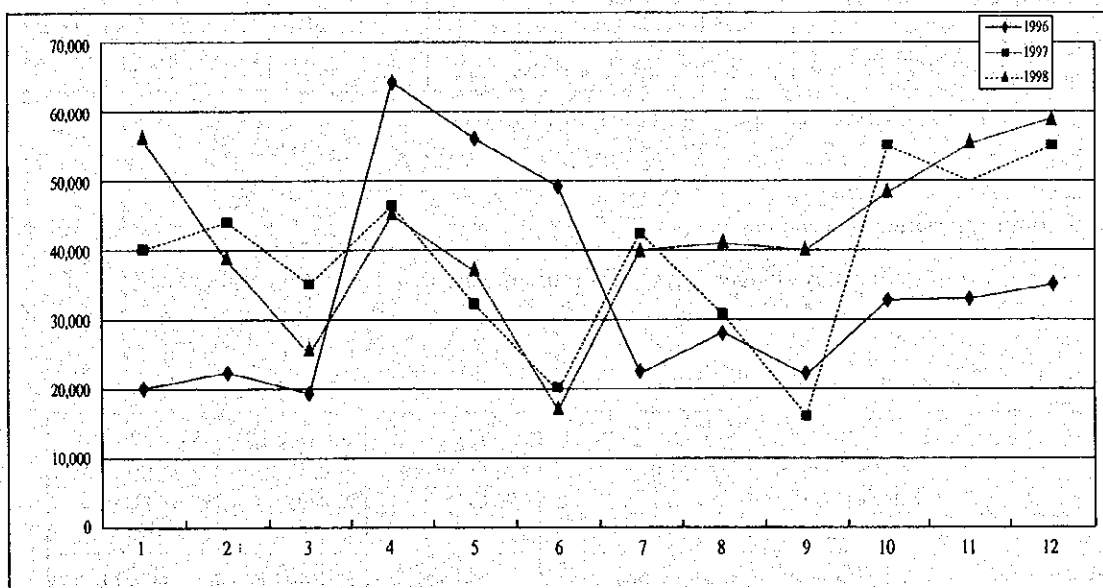
(Source: NTA 1998 Statistical Report on Tourism in Laos)

(3) Number of visitors classified by month

There is a large seasonal gap between the dry season and rainy season.

(Source: NTA 1998 Statistical Report on Tourism in Laos)

Figure 1. Number of Visitors Classified by Month



(4) Revenue from Tourism and Major Exports

The severe economic crisis that hit ASEAN countries in 1997 has affected Lao trading businesses, while tourism has been growing rapidly. Consequently, the tourism industry has raised its position from 4th in 1995 to the top spot in 1998.

Table 5. Revenue from Tourism and Major Exports

		1995	1996	1997	1998	1998 Share	Growth Rate	Ranking
Revenue	Tourism	24.7	43.6	73.3	79.9	25.7%	9.0%	1
(US\$M)	Garments	76.7	75.6	72.6	76.5	24.7%	5.4%	2
	Electricity	25.1	34.9	20.0	49.6	16.0%	148.0%	3
	Wood Products	88.3	70.6	79.3	41.2	13.3%	-48.0%	4
	Minerals				29.4	9.5%		5
	Coffee	21.3	25.0	26.2	19.3	6.2%	-26.3%	6
	Jewels	21.8	45.0	83.2	14.4	4.6%	-82.7%	7
	Agricultural Products	13.7	17.7	16.5				

(Source: NTA 1998 Statistical Report on Tourism in Laos)

(5) Expenditure classified by category

The international tourist stays longer and spends more money than tourism any other sector.

Table 6. Expenditure Classified by Category

	Number of Tourist Arrivals	Revenue from Tourism	Average Expenditure per Person	Average Length of Stay	Average Expenditure per Person per Day
	(Person)	(US\$)	(US\$)	(days)	(US\$)
1) Total	500,200	\$79,960,145	\$159.9	2.4	\$66.6
2) International Tourist	120,903	\$54,406,350	\$450.0	5.0	\$90.0
3) Regional Tourist	371,883	\$24,960,823	\$67.1	1.5	\$44.6
4) Tourist for Visa Ext.	7,414	\$592,972	\$80.0	3.0	\$26.7

(Source: NTA 1998 Statistical Report on Tourism in Laos)

2-1-2 Government Administration

(1) Priorities in development investment

The Committee for Investment and Cooperation (CIC) has specified the following development priorities. The rank of "SERVICE" was upgraded to the 7th position in 1999 from 8th position in 1995.

Table 7. Priorities in Development Investment

1999 Plan	1995-1996 Plan
1. Food Production	1. Human Resources Development
2. Infrastructure Development	2. Food Production
3. Human Resources Development	3. Shifting Cultivation
4. Commercial Production	4. Infrastructure Development
5. Shifting Cultivation	5. Rural Development
6. Rural Development	6. Commercial Production
7. Service Development	7. Community Production
8. Community Production	8. Service Development

(Source: Committee for Investment and Cooperation)

(2) Government Administration relating to the tourism industry

i) General

Obtaining the foreign currency is the mandatory for the Lao PDR to improve inflation and to stabilize exchange rates. However, there is no unified consensus for tourism promotion among the ministries. Some ministries are aware of the importance of tourism, but others are afraid of a negative social impact (e.g. the crime rate may increase in proportion to the increase of foreign visitors).

ii) Ministries

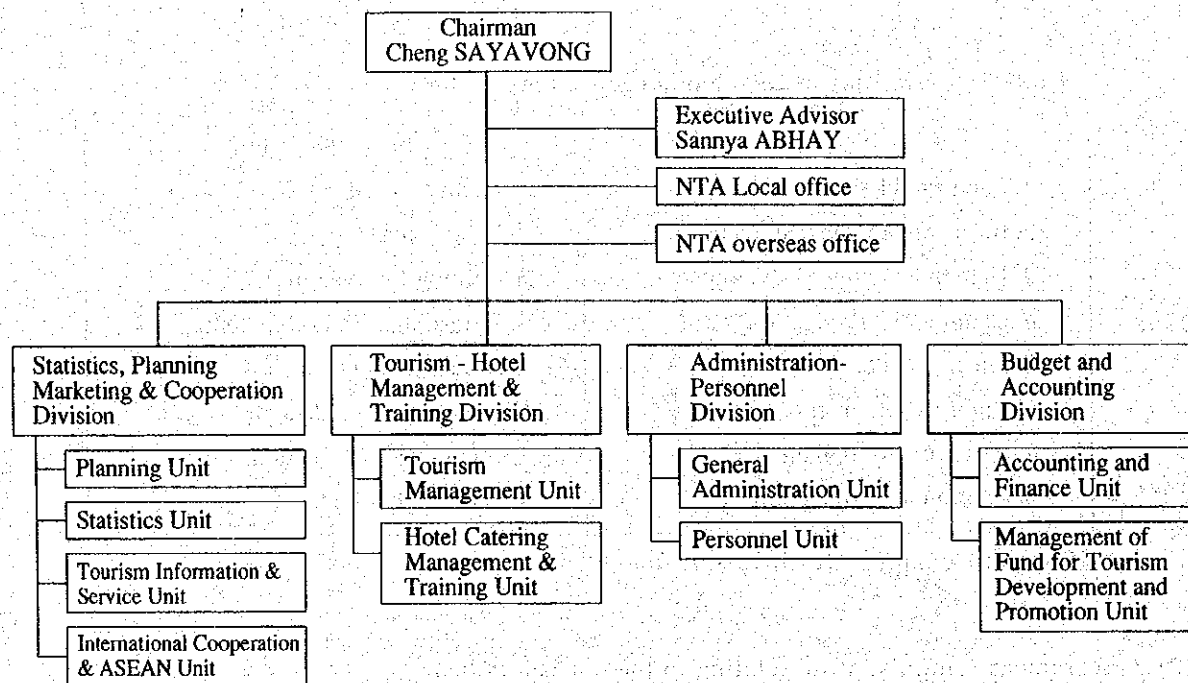
- Ministry of Commerce and National Tourism Authority:
Principal organization of tourism development and promotion
- Ministry of Information and Culture:
Administration of ruins and temples, management of entrance fees
- Ministry of Communication, Transport, Post and Construction:
Administration of transportation including air, buses, roads, boats
- Ministry of Agriculture and the Environment Agency:
Eco-tourism

iii) Inter-governmental coordination is required to enhance the tourism development.

2-1-3 National Tourism Authority

i) Organization

Figure 2. Organizational Chart of the NTA



ii) Number of NTA staff

There are 70 officials in the NTA: 40 of them are working in the Vientiane head office, 4 in the Luang Prabang office, 10 in Champassak and 1 or no officials in the other provinces.

iii) Promotional Budget

The NTA's promotional budget is limited and unstable, as it consists of subsidies from the travel agencies. The revenue of travel agencies comes from inbound tour operation. The increase of FIT passengers does not contribute to the revenue of travel agents and subsequent increases in the NTA's promotional budget.

All travel agencies MUST pay 5% from their entire revenue to the NTA every month. This money collected from travel agencies is used for 1) training for tour guides requiring a national license, 2) training for hotel staff, 3) training for restaurant staff, 4) promotional activities, 5) media relations.

Many travel agencies are frustrated by the NTA for the following reasons.

- Money collected from travel agencies is used to train non-travel agency staff, i.e., hotel and res

taurant staff.

- The level of training conducted by the NTA is not sufficient to provide excellent service. Travel agencies and hotels have to re-educate their staff under their own curriculum.

Consequently, travel agencies may well think that the NTA budget should be used for the sake of promotion of tourism in Laos.

iv) Training conducted by the NTA

There are 5 trainers in the NTA for Tour Guides and Hotel Staff training (Front Office, Food and Beverage Service and Housekeeping). All trainers, trained in the donor countries, have ability in foreign languages, such as English and/or Russian. The NTA has educated 1,257 trainees in the hotel industry and 239 trainees as tour guides. Since the occupation of tour guide requires a national license, all tour guides must attend a training course conducted by the NTA to obtain licenses.

The NTA spends a lot of time and money for training, which could be improved. The details of the training course is as follows:

<TOUR GUIDE TRAINING SCHEDULE>	234 Hours Trainer
1. Tour Guide Techniques	40 hours NTA
2. Lao Literature	29 hours Invited Guest
3. Lao History	37 hours Invited Guest
4. Lao Art and Music	08 hours Invited Guest
5. Lao Design and Decoration	10 hours Invited Guest
6. Lao Food Knowledge	07 hours Invited Guest
7. First Aid	24 hours Invited Guest
8. Lao Ethnic Groups	27 hours Invited Guest
9. Lao Geography	24 hours Invited Guest
10. Economic Policy of Lao Government	07 hours Invited Guest
11. Tourism Concerning Safety	07 hours Invited Guest
12. Study Tour and Training	14 hours Invited Guest
<FRONT OFFICE PROCEDURE >	45 Hours
1. General knowledge of Hotel Industry	
2. Front Office in General Knowledge	
3. Front Office Duties and Responsibility	
4. Attributive of Front Office Personal	
5. Front Office Equipment	
6. Reservation System	
7. Arrangement before Check-in	
8. Check-in Procedure	
9. Service for in - house Guest	
10. Check-out Procedure	
<HOUSEKEEPING>	32 Hours
I. THEORY	15 hours
1. INTRODUCTION TO HOUSEKEEPING	7 hours
1.1. Importance of Housekeeping Department	
1.2. Functions of Housekeeping	
1.3. The organization chart	
1.4. Housekeeping in Relation to other Department	
1.5. Basic functions and responsibilities	

- 2. ROOM CLEANING PROCEDURES 4 hours
- 2.1. The types of hotel rooms
- 2.2. Why is it necessary to clean?
- 2.3. How to clean a guest room and rest room
- 2.4. The different types of floor and how to clean them
- 2.5. Basic knowledge of linen room 4 hours

- II.PRACTICE 17 hours
- 1. Making bed 3 hours
- 2. Making table skirt 3 hours
- 3. The basic skill of carving 7 hours
- 4 The basic skill of arrangement of flowers 4 hours

<FOOD AND BEVERAGE SERVICE>

I.THEORY

- 1. Food and Beverage Service in General Knowledge
 - 1.1. The meaning of word " Restaurant "
 - 1.2. The other types of restaurant (Restaurant, Dining Room)
 - 1.3. Equipment used in Food and Beverage Service
- 2. Food and Beverage Service Style
 - 2.1. American Service
 - 2.2. English Service
 - 2.3. French Service
 - 2.4. Russian Service
 - 2.5. Family Service
 - 2.6. Guerdon Service
- 3. Classification of Everyday Meals and Menu Knowledge
 - 3.1. Breakfast menu
 - 3.1.1. Continental Breakfast
 - 3.1.2. American Breakfast
 - 3.1.3. Special Breakfast
 - 3.1.4. Buffet
 - 3.2. Lunch menu
 - 3.2.1. One dish, Two dishes, Three dishes or more
 - 3.2.2. Buffet
 - 3.3. Dinner menu
 - 3.3.1. One dish, Two dishes, Three dishes or more
 - 3.3.2. Buffet
 - 3.4. Supper menu _ light meals...
- 4. Food Service Sequences (What to serve first)
- 5. Beverage Knowledge and Drink List
- 6. Beverage Service Sequences
- 7. Order-taking and Selling System
- 8. Attribute of F&B Service Personal
- 9. Hygiene and Safety Rule and Regulation
- 10. Banquet Service

II. DEMONSTRATION AND PRACTICE

- 1. Table Laying
- 2. Cleaning the Crockery and Cutlery
- 3. Holding the Crockery and Cutlery, Trays
- 4. Table Setting.
 - 4.1. For Breakfast, Lunch or Dinner
 - 4.2. For Banquet
- 5. Napkin Folding
- 6. Food Service Styles
- 7. Beverage Service
- 8. Clearing the Table and Billing System
- 9. Banquet Service
- 10. Cocktail Knowledge and Practice

2-1-4 Infrastructure

(1) Definition of tourism development

Tourism development implies 1) entertainment of visitors and 2) protection of visitors from unanticipated risk.

i) Entertainment

To satisfy the needs of visitors and to emphasize their impression of an area, the NTA shall allow the visitors to stay in the certain place as long as possible. If the visitors are satisfied with their tour in Laos, they may advertise Lao verbally. The posting of explanatory board is one of more useful methods of highlighting a particular memory. For example, a sign at the waterfall should explain the following.

- Width, length, height of the falls; the contrast between dry season and rainy season
- Other waterfalls in Laos
- Comparison against other waterfalls in the world, e.g. Niagara Falls

ii) Protection from unanticipated risk

The following caution signs may be required:

- Do not enter.
- No Swimming
- Road Slippery
- Do not climb.
- Watch your head.

The risk management may be inadequate, for example, boats are not equipped with life jackets and caution signs for the pleasure boats are not designed.

Access to sightseeing places should also be improved.

- Road Condition (pavement, route)
- Air Routes

(2) Industry Infrastructure

i) Travel Agency

15 travel agencies are registered in the Lao PDR: 5 of which are wholly owned by the government, 2 are owned by the government and foreign companies, and 8 are operated by private companies. 14 of them have their head offices in Vientiane and 1 is located in Luang Prabang.

The top 3 agents are Inter-Lao Tourism (Joint Venture between the Lao Government and a

French Company) , Lane Xang Travel & Tour (Private) ,and Diethelm Travel Lao (Joint Venture between the Lao Government and Swiss Company) .

ii) Hotels and Guesthouses

The superior class hotels are managed and operated by foreign companies, whilst most of the guesthouses are run by Laotians. Western tourists or business travelers who expect western style service may stay at higher-class hotels. Backpackers who expect the minimum accommodation facilities may stay at guesthouses. The cost performance of the hotel is not bad. Room occupancy rates are not stabilized due to the seasonal gap.

Since the standards of training courses for hotel employees conducted by the NTA are very low, all foreign companies educate their employee on their own to keep a sustainable level of service. Hotel managers may not expect a lot from NTA training courses.

iii) Airlines

Lao Aviation, 100 % owned by the government, has been suffering from serious deficits. Important parts of the operation, such as maintenance and reservations, rely heavily on foreign companies, who obligate Lao Aviation to pay fees in foreign

currency. This causes chain reaction: Deficit † Safety problems † Sales problems † Lack of foreign money † Enlargement of the deficit.

The aircraft owned by Lao Aviation are as follows (manufacture of these aircraft has already been terminated):

Table 8. Aircraft Owned by Lao Aviation

Type	Made in	Passenger Capacity	Number of aircraft
ATR72	France	70	1
Y-7	China	50	2
Y-12	China	16	3
MI-8	Russia	28	1

The limited capacity of these aircraft may obstruct the expansion of the tourism industry. All routes are based in Vientiane and the frequency of flights is limited. The passenger Load Factor generally exceeds 80%.

A dual fare structure exists in domestic passenger fares. For example, the round-trip fare between

Vientiane and Luang Prabang is 120,000 KIP for Laotians and US\$110 for foreigners, which means that foreigners are expected to pay 10 times more. The Department of Civil Aviation (DCA) does not easily allow fare increases to reflect inflation, as Laotians make up over 80% of passengers on domestic routes.

Lao Aviation is a co-user of Thai Airways' Computer Reservation System (CRS). They, however, installed only 2 terminals in the head office; CRS terminals and the Departure Control System (DCS) are not installed in other offices nor airports. Passenger Manifests are transmitted from the head office to each airport by telex or fax. Many travel agencies complain about the unreliable reservation system, which has become an obstacle to expanding business.

Thai Airways operates the Bangkok-Vientiane route, China Southern Airlines operates the Kunming-Vientiane route and Vietnam Airlines operates the Ho chi Min - Vientiane route. The Kuala Lumpur- Vientiane route operated by Malaysian Airlines System and the Singapore-Vientiane route operated by Silkair have been suspended. A number of airlines have shown a desire to inaugurate service to Luang Prabang.

2-1-5 Assistance from Donor Countries

(1) General

The UNDP, UN-ESCAP, UNESCO, ADB, Thailand, Australia, New Zealand, Italy, Vietnam, South Korea, Singapore and Japan have supported development of tourism in the Lao PDR. To avoid duplication among the donors and the confusion of Laotian trainees, coordination among the donors is expected.

(2) Human Resources Development

Over 15 scholarships are entitled to the NTA every year. 15 of 40 officials in the NTA head office go abroad every year for trainings or seminars. The following is a summary of other donor's assistance in FY 1997 and FY 1998. (The Lao Fiscal Year starts in October and ends in September.) Although many donors have assisted the NTA-HQ in human resources development, its training skill has not been dramatically improved. According to the UNDP, NTA staff members does not share the information gained from training or seminars.

Table 9. Total Number of NTA Officials Received Training or Seminar by Year

FY	No. of Officials
1997	21
1998	15
Total	3

Table 10. Total Number of Trainees by Category of Training

By Category	No. of Officials
English Class	5
Seminar	2
Overseas Study	4
Training Course	2

Table 11. Total Number of Trainees by Application of Training

By Application	No. of Officials
Administration	22
Food	3
General	1
Hotel	5
Language	5

Table 12. List of Training Program for NTA staff Members

#	Year	Person	Duration	Type	Application	Themes	Place	Donor
1	1997	3	3mo	Training Course	Food	Cooking and Beverage Service	Thailand	Thailand
2	1997	2	1wk	Training Course	Administration	Computer	Singapore	Singapore and Japan
3	1997	5	1wk	Training Course	Administration	Conservation Tourism in Mekong Institute	Lao	Newzealand
4	1997	2	5yr	Study	Administration	Tourism Economy	Vietnam	Vietnam
5	1997	1	2mo	Training Course	Administration	Realization and Understanding at tourism	Japan	Japan
6	1997	1	1wk	Training Course	Hotel	Hotel Management	Japan	Japan
7	1997	1	5dy	Training Course	Hotel	Hotel and Tourism Management	Singapore	Singapore
8	1997	1	3mo	Seminar	Administration	Tourism Profit Calculating System info GDP	India	ADB?
9	1997	5		English Class	Language	English Training	Australia	Australia
10	1998	3		Training Course	Hotel	Basic Trainers on Hotel Management	Thailand	Thailand and ADB
11	1998	2		Training Course	Administration	Tourism Management and Development	Singapore	Singapore and South Korea
12	1998	1		Training Course	Administration	Natural tourism and travel mart	Thailand	Thailand
13	1998	1		Seminar	Administration	Rearangement of herritage and cluture	Thailand	SPAFA
14	1998	1		Study	General	Master Course	Vietnam	Vietnam
15	1998	3		Training Course	Administration	Tourism Management and Eco-tourism		Inkown??
16	1998	2		Training Course	Administration	Tourism Promotion	Japan	Japan
17	1998	1	6mo	Study	Administration	Tourism Management and Development	Italy	Italy
18	1998	1	2dy	Training Course	Administration	Tourism destination management, environmental attraction and environmental management for hotels	Lao	Asian Institute of Technology

(3) Assistance other than Human Resources Development

Table 13. Assistance Other than Human Resources Development

	Planning	Training	Facilities	Others
UNDP	Issuance of National Tourist Development Master Plan in 1990 and amendment in 1998.	Training Center		Promotional Materials (1999)
	Marketing Plan of Eco-tourism (1999)	Study tour to Thailand and Nepal (1999)		Statistical Analysis
ESCAP	Seminar at the Greater Mekong Subregion			
UNESCO	Experts reside in the Luang Prabang Reserve Committee		Maintenance of Vat Pou	
Thailand ¹	Create the MASTER PLAN for Luang Prabang and Champassak	Accept hotel, catering, and restaurant staff.	Construction of Luang Prabang Airport Terminal	Create a tour of Greater Mekong Subregion
Australia	Eco-tourism promotion			

2-2 Solutions

(1) Macro Solution (National Level)

The ultimate objective of tourism development is to increase the number of foreign visitors as much as possible, in order to obtain foreign currency. We give proper consideration to ensure that the tourism sector is not viewed strictly on its own, but is properly linked with developments of other sectors, such as the infrastructure sector.

i) Increase visitors

Increase of the number of foreign visitors, who provide the foreign currency to the Lao PDR, enhance the tourism industries and related industry, which indirectly increases the employment opportunities. The NTA's promotional activities to increase visitors should be modernized and strengthened.

ii) Investment

In order to increase visitors, public facilities should be constructed or improved, such as explanatory signs in sightseeing areas, toilets, and garbage disposal services. Since the NTA's budget is limited, the use of the budget should be reconsidered from the view of efficiency.

iii) Inter-governmental coordination

Regarding inter-governmental coordination, the NTA and relevant governmental organizations must enhance tourism development. For example, improvement to the facilities at archeological sites is implemented in cooperation with Ministry of Information and Culture. Improvement of the public transportation is realized in cooperation with MCPTC.

iv) National awareness

To enhance tourism development, national awareness should be promoted. The Visit Laos Year 1999-2000 campaign and sustainable activities are considered useful in promoting national awareness.

v) Co-existence of nature and culture

The NTA's promotional theme is "Natural and Cultural Tourism". Implementation of this theme is required.

vi) Cooperation with other Indo-china countries

Cooperation with other Indo-china countries will bring benefit to those countries by strengthening the potential of tourism.

vii) Increase employment opportunities

The number of persons working in the tourism industry is limited. Vocational training may increase the number of employees, which also may lead to a decrease in the unemployment ratio.

(2) Micro-solutions (Industry Level)

i) Hotels and Travel Agencies

A lot of foreign investment has been poured into hotels, whilst only 2 countries has invested in travel agencies. Those companies are trying to obtain as many visitors as possible by improving their service level. The biggest restraint to penetration into the travel industry is a 5% subsidy that is imposed by the NTA. If that money is used for travel agents, fundamental promotion of tourism is executed by governmental organizations, and foreign investors may show more interest.

ii) Transportation

The transportation industry requires huge amount of investment, and penetration by foreign companies is not easy. Improvement of the service of existing companies is more realistic option for better

operation.

iii) Insurance

The insurance system is inadequate. Only one company, a joint venture between Laos and France, is operating an insurance business.