5. Accommodation and Tourist Facilities

5.1 Accommodation

5.1.1 Overview of Accommodation in Vietnam

In year 2000, 35% of the total number of hotels in Vietnam was concentrated in Hanoi, the national capital, and Ho Chi Minh City. Beginning of late 1997, the economic crisis hit many major ASEAN countries, which affected international tourists to Vietnam from the primary market sources. The combination of increased supply of and sharply decreased demand for accommodations caused the cancellation of major high-class hotel projects in not only the Central Region but also the two major cities. Corresponding to the recent recovery of international tourism arrivals to ASEAN and Vietnam, the supply of high standard hotels is expected to increase in the Central Region.

Over 58% of the total rooms of accommodations in Vietnam have been invested and managed by State Owned Enterprises (SOEs) such as Saigon Tourist Company and Vietnam Tourist Company owned by the central or provincial government, including joint-venture companies. Especially, state companies play an important role in developing hotels in undeveloped provinces as a pioneer hotel investor.

The hotel development in the Central Region having 16.7% of total rooms in Vietnam has been distributed into more central and south coast zones composed of 5 provinces (Binh Than, Ninh Thuan, Khan Hoa, Phu Yen, and Binh Dinh) than north and central zones of the region. The average number of rooms per hotel indicates that medium-scale accommodations have been developed in the Central Region in comparison with other tourism zones even in Hanoi and HCMC where mini-hotels have been developed.

Table 5.1.1 Accommodations in Vietnam 2000

Tourism Region	Tourism Zones	No. of Establishment	No. of Rooms*	Room per Establishment	Share (%)
North	Hanoi	993	10,727	11	15.8
	Hanoi's Hinterland	428	6,237	15	9.2
	North-east Coast	388	7,575	20	11.1
	North-east Mountain	330	1,075	3	1.6
	North-west Mountain	207	1,841	9	2.7
	South Coast	111	2,533	23	3.7
	sub-total	2,457	29,988	12	44.1
Central	Central North Coast /C1	199	3,037	15	4.5
	Central Coast /C2	156	3,121	20	4.6
	Central South Coast /C3	336	5,190	15	7.6
	Study area sub-total	**691**	**11,348**	**16**	**16.7**
	Central Highland /C4	1,367	4,030	3	5.9
	sub-total	2,058	15,378	7	22.6
South	HCM city	1,295	13,056	10	19.2
	HCMC's Hinterland	1,603	5,951	4	8.7
	Mekong River Delta	798	3,644	5	5.4
	sub-total	3,696	22,651	6	33.3
	Total	8,211	68,017	8	100.0

Note: *Figures of rooms has excluded Hostel/Inn. Source: General Statistic Office (GSO) / VNAT

5.1.2 Accommodation Type

Category of accommodations

Accommodations in Vietnam are classified into six types, according to Decree No.39/2001/ND-CP: (1) Hotel, (2) Tourist Guest House, (3) Tourist Villa, (4) Tourist Village, (5) Tourist Apartment, and (6) Tourist Camping. VNAT is in charge of hotel classification of a star hotel. The other types of accommodation are under control of Ministry of Trade and other Agencies. Table 5.1.2 shows a picture of accommodation categories.

Table 5.1.2 Category of Tourism Accommodation

	Hotel		Tourist Guest House	Tourist Villa	Tourist Village	Tourist Apartment	Tourist Camping
	5-3 star	2 - 1 star					
Definition	Over 10 room with necessary infrastructure, other facilities and services		Under 9 room with necessary infrastructure , other facilities and services	Solid and fixed accomm-odation facilities	Necessary infrastruct-ure, other facilities and services	Self-contained house mainly for family	The area with necessary natural landscape infrastructure, other facilities and services
Responsible Agency	VNAT	Provincial Tourism Department	Ministry of Trade, Other Agencies in conjunction with the VNAT regulation				

Source: VNAT / Circular = Guiding the Implementation of the Government-Decree No.39/2001/ND-CP

The statistical data in this chapter is used by three types of accommodations of: (1) Classified Hotel (Hotel of VNAT), (2) Non-Classified Hotel (Mini-hotel, etc by other enterprises), (3) Others (Guest House owned by Central or State Governments), Hostel-Inn by family business based on the data of General Statistic Office (GSO).

Table 5.1.3 Room Share of Accommodation by Category in Vietnam 2000

Tourism Region		Classified Hotel (CLH)	Non-CL Hotel	Guest House	Hostel / Inn	Total
North		23.9%	62.7%	13.4%	NA	100.0%
Central	Region total	29.6%	67.2%	3.2%	NA	100.0%
	Study area	35.0%	60.8%	4.1%	NA	100.0%
South		39.6%	10.3%	0.2%	NA	100.0%
Total share		30.4%	59.3%	10.3%	NA	100.0%

Note: CL = Classified Hotel
Source: General Statistical Office (GSO), 2000

State owned guesthouses are playing a key role in accommodating national tourists, especially in the study area. This type of accommodations will be privatized due to trends of privatization and new regulations.

Classification of accommodations

VNAT defines the classification of accommodations based on a star-system, from 5 stars to 1 that was introduced in 1994 as “Regulation regarding criteria for the classification of hotels.” VNAT has a responsibility to appraise and accredit classification from 5 to 3 stars of hotels by an application from enterprises. Provincial departments of tourism or trade tourism are responsible to apprise and accredit classification from 2 to 1 stars of hotels. However, this classification system was applied to only 28.7% of the total hotels in 2000 because of newly released decrees and lack of administrative staffs and budgets for their inspection.

Table 5.1.5 indicates the insufficient supply of upper class hotels, 17.3% for 5 to 4 star hotels, in Vietnam in comparison with the case of Indonesia, 46.5% for 5 to 4 star hotels. The study area is lower, 8.5% for 5 to 4 star hotels, than the national average of Vietnam. This implies that the study area needs to increase the supply of classified hotels in terms of not only quantity but also quality.

Table 5.1.4 Number of Classified Hotels and Others in Vietnam 1999

Tourism Region	Tourism Zones	Classified Hotel					
		total	5 star	4 star	3 star	2 star	1 star
North	Hanoi	4,125	977	394	1,209	1,148	397
	Hanoi's Hinterland	376	0	0	0	260	116
	North-east Coast	1,146	0	126	68	608	344
	North-east Mountain	120	0	0	0	0	120
	North-west Mountain	253	0	0	0	154	99
	South Coast	403	0	0	0	337	66
	total	6,423	977	520	1,277	2,507	1,142
Central	Central North Coast / C1	1,003	0	0	386	331	286
	Central Coastal / C2	1,444	198	0	257	635	354
	Central South Coast / C3	1,748	0	159	375	630	584
	Study area Sub-total	**4,195**	**198**	**159**	**1,018**	**1,596**	**1,224**
	Share(%)	**(100.0)**	**(4.7)**	**(3.8)**	**(24.3)**	**(38.0)**	**(29.2)**
	Central Highland / C4	1,057	43	0	106	408	500
	total	5,252	241	159	1,124	2,004	1,724
South	HCM city	4,972	542	843	1,755	1,297	535
	HCMC's Hinterland	1,728	0	0	668	708	352
	Mekong River Delta	1,140	0	92	243	550	255
	Total	7,840	542	935	2,666	2,555	1,142
	Total	19,515	1,760	1,614	5,067	7,066	4,008
	Share (%)	(100.0)	(9.0)	(8.3)	(26.0)	(36.2)	(20.5)

Source: VNAT *1[1]

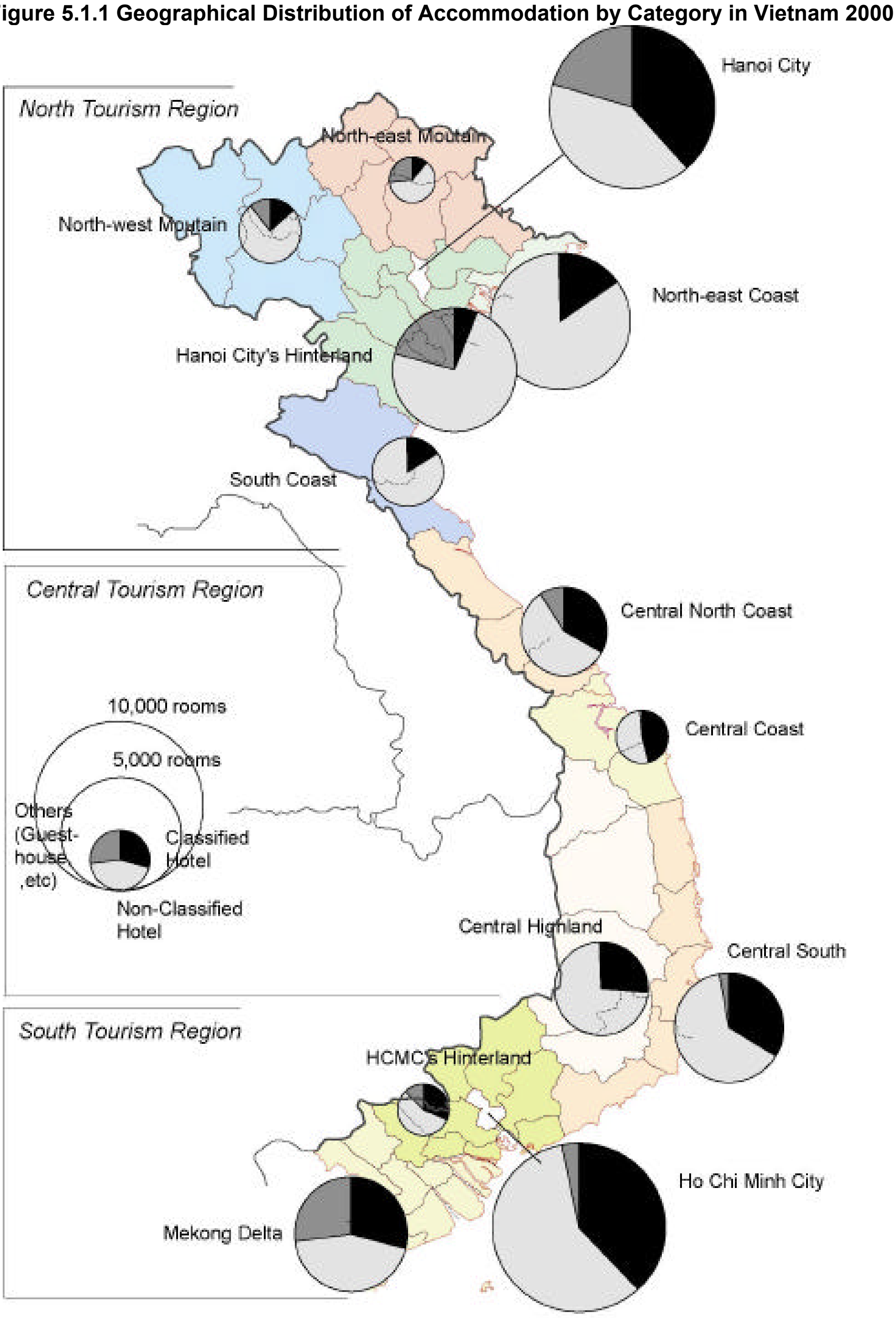
[1] Statistical information has some gaps between General Statistics Office (GSO) and VNAT. This Chapter is applied to GSO data principally because of common information among Governmental Agencies and its integrated information of source data. However, the figures of the Classified Hotels are applied to VNAT source due to lack of statistics of GSO.

Table 5.1.5 Share of Star Rate Hotels in Classified Hotels of Vietnam and Indonesia

	total	5 star	4 star	3 star	2 star	1 star	rooms
Vietnam	100.0%	9.0	8.3	26.0	36.2	20.5	19,515
Indonesia	100.0%	22.9	23.6	25.2	15.3	13.0	90,808

Source: Vietnam-VNAT 1999, Indonesia-BPS 1998

Figure 5.1.1 Geographical Distribution of Accommodation by Category in Vietnam 2000



Source: General Statistical Office, VNAT, JICA Study team

5.1.3 Accommodation Business and Investments

Dominant small-scale and non-enterprise accommodations

Guest houses with free of tax[2] mostly operated by governmental agencies and small-scale hostel-inn by family business are dominant accommodations, which occupy over 60% of the total accommodations, about 8,200 accommodations, in Vietnam. They have played an important role in serving domestic tourism such as incentive tours by governmental agencies and weekend vacations.

According to Table 5.1.7, the national average number of rooms per establishment reaches only 8 rooms due to the huge number of small accommodations in Hanoi and HCMC. However, the national average number of rooms in classified hotels is 56 rooms per hotel. The number of the study area is lower than the North and South Tourism Region.

Table 5.1.6 Composition of Establishments by Category by Region in Vietnam 2000

Tourism Region		Classified Hotel	Non-CL Hotel	Guest House	Hostel / Inn	total
North Tourism Region		4.8%	30.2%	18.4%	46.6%	100.0%
Central TR	Region total	5.1%	27.8%	3.4%	63.6%	100.0%
	Study area	11.9%	46.2%	10.1%	31.8%	100.0%
South Tourism Region		4.0%	12.7%	5.5%	77.8%	100.0%
Total share		4.5%	21.8%	8.8%	64.9%	100.0%

Source: General Statistical Office 2000

Table 5.1.7 Number of Rooms per Establishments by Category in Vietnam 2000

Tourism Region		Classified Hotel	Non-CL Hotel	Guest House	Hostel / Inn	Total Average
North Tourism Region		60	25	9	NA	12
Central TR	Region total	43	18	7	NA	7
	Study area	49	22	7	NA	16
South Tourism Region		61	24	12	NA	6
Total share		56	23	10	NA	8

Source: General Statistical Office 2000

State Owned Enterprises leading hotel industry

Although SOEs play an important role especially in augmenting hotel capacity in underdeveloped provinces of the study area as a pioneer hotel investor, hotels in these provinces have faced some difficulties like a low occupancy rate. Also, SOEs tend to invest in medium-scale hotels (30-40 rooms) in compared with private enterprises (15-25 rooms).

The Central Tourism Region has not yet been successful in introducing Joint-Venture enterprises with international standard hotel management in comparison with North and South Tourism Regions. More incentive conditions will be necessary to induce foreign development investments to develop the hotel industry in the Central Region.

[2] The Central Government has tried all establishments for being taxable tourism companies by Decree No.39/2001/ND-CP 1999.

Table 5.1.8 Share of Rooms by Enterprise Category in Vietnam 2000

Tourism Region		Governmental Owned			Private	
		SOE	JV	total	Owned	total
North Tourism Region		46.3%	15.4%	61.7%	38.3%	100.0%
Central Tourism Region	Region total	51.0%	7.8%	58.7%	41.3%	100.0%
	Study area	59.4%	9.7%	69.1%	30.9%	100.0%
South Tourism Region		41.1%	11.9%	53.0%	47.0%	100.0%
Total share		45.6%	12.5%	58.1%	41.9%	100.0%

Note: SOE = State Organization Enterprise, JV= Joint Venture with foreign investors
Source: General Statistical Office, 1999-2000

Table 5.1.9 Number of Rooms per Establishments by Enterprise Category in Vietnam 2000

Tourism Region		Governmental Owned			Private	Total
		SOE	JV	Average	Owned	Average
North Tourism Region		37	48	40	14	12
Central Tourism Region	Region total	35	22	32	14	7
	Study area	36	22	33	15	16
South Tourism Region		34	24	31	25	6
Total share		36	32	35	16	8

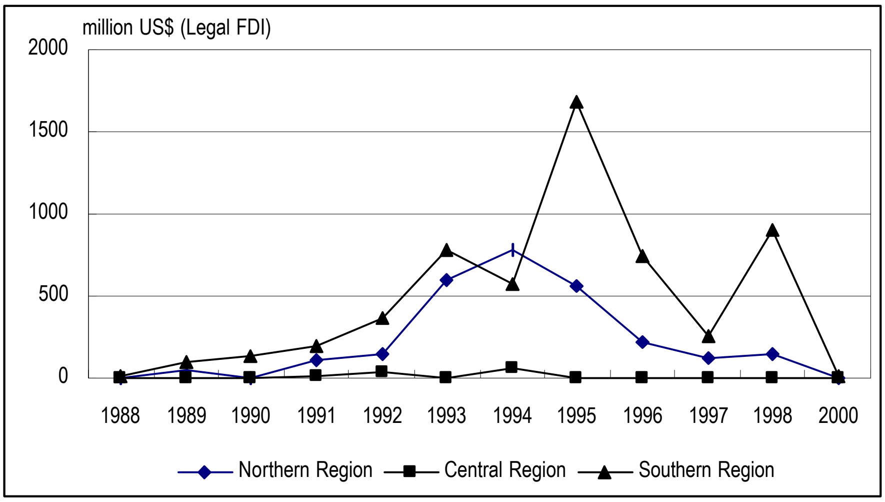
Note: SOE = State Organization Enterprise, JV= Joint Venture with foreign investors
Source: General Statistical Office, 1999-2000

Investments for accommodations

The investment in tourism in Vietnam increased in the early 1990s and then sharply declined after 1995 due to the Asian Economic Crisis. Although the trend of tourism investments seems to be recovered after 1999, the amount of investments is still lower than the past booming time.

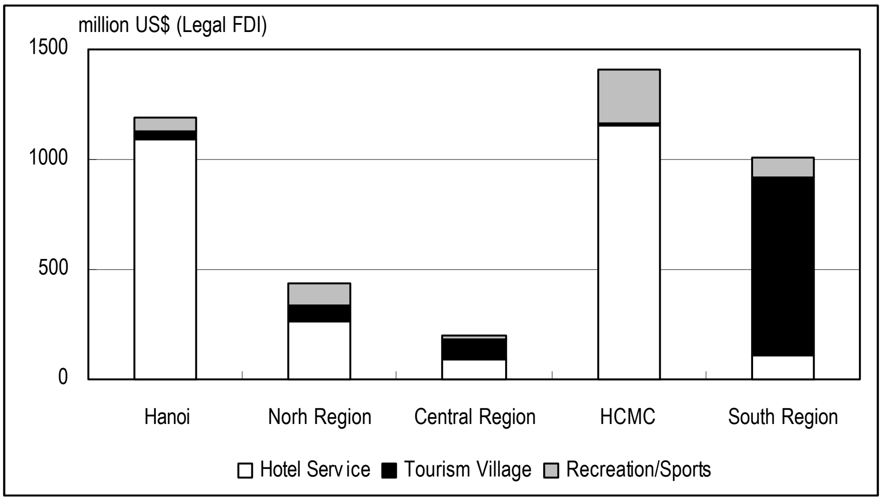
In case of the regional distribution of tourism investments, HCMC received 55% of the total foreign direct investments in the past 11 years, and Hanoi followed the next. The Central Region received the smallest amount of tourism investments from abroad directly.

Figure 5.1.2 Foreign Direct Investment in Tourism 1988-2000



Source: Data from MPI/ ITDR

Figure 5.1.3 Cumulative Foreign Direct Investment in Tourism by Tourism Regions 1988-2000



Source: Data from MPI/ ITDR

5.1.4 Key Indicators of Accommodation

<u>Occupancy rate</u>

It is difficult to see adequate whole pictures of hotels in Vietnam because of insufficient information of the occupancy rate at the regional level. However, the national level of statistics of the World Tourism Organization (WTO) indicates that occupancy rates seem to be not so bad as over 40% on average in spite of the past three years of the Asia Economic Crises. The low-level rates seem to recover in 2000.

On the other hand, it should be noted that according to Hotel Online News, some hotels of room occupancy in Hanoi did not reach the average: Horizon 23%, Meritus 22%, Nikko 34%, Mellia 11%, and Hilton 14% in 1999. In contrast with this, the interview survey by the Study Team indicates their recovery: Horizon 50%, Sofitel 39%, Daewoo 50%, and Hilton 55% in Hanoi in 2000. The study area also recovered: Huong Gian 72%, Saigon Morin 63%, Saigon Touran 45%, and Hoi An Hotel 67%.

Table 5.1.10 Key figures of existing accommodation facilities

Item	1994	1995	1996	1997	1998	1999	2000
Occupancy Rate (%)	51.0	51.0	43.1	43.0	42.7	45.2	54.0
Average Length of Stay*1 (day)	4.5	4.7	4.5	4.5	5.6	4.5	—
Average Length of Stay*2 (day)	2.2	2.6	2.4	2.2	2.2	2.4	—
Guests per Room	2.0	2.0	1.9	1.9	1.9	1.9	—

Note: ALS*1 indicates national average. ALS*2 is accommodation average.
Source : Compendium of Tourism Statistics 2001/ WTO, VNAT Hotel Department

Average length of stay

Table 5.1.10 shows that the national average length of stay is 4.5 days in 1999. On the contrary, the average stay in each accommodation is shorter (2.4 days) than national one because of hopping stays at several tourism destinations in Vietnam. Also, long stay tourists such as budget tourists, business tourists or Overseas Vietnamese visiting friends and relatives at home might push its rate up. According to GSO statistics, international tourists tend to stay longer in the both gateway cities of Hanoi and HCMC.

Table 5.1.11 Guest per Room in Each Tourism Region

Tourism Region	Tourism Zone	Average Length of Stay (days)		
		Total	International	Domestic
North	Hanoi	3.0	3.3	2.8
	Total Region	1.8	2.1	1.7
Central	C1	1.7	1.9	1.7
	C2	1.6	1.9	1.5
	C3	1.8	2.3	1.7
	Study area	1.7	2.0	1.6
	C4	2.5	1.7	2.5
	Total Region	2.0	2.0	2.0
South	HCMC	1.9	2.5	1.5
	Total Region	1.7	2.3	1.5
Total average		1.8	2.2	1.7

Source: General Statistical Office, 1999

Table 5.1.12 Purpose of Visit and Nationality of International Tourists in Vietnam

Purpose of Visit	2000	share(%)	Nationality	1999	share(%)
Leisure, recreation and holidays	1,138,200	53.2	Vietnamese	281,692	13.2
Business and professional	491,646	23.0	Asia	167,281	7.8
Visiting friends and relatives	399,962	18.7	Europe	234,006	10.9
Others	110,292	5.2	Others	1,457,121	68.1
total	2,140,100	100.0		2,140,100	100.0

Source: Data from VNAT

Guests per room

The number of guests per room of domestic tourists is higher than the international average of 1.5-1.7 guests. Domestic hotel guests with their family stay might affect the figures with higher number (1.9 guests).

Employees per room

According to the interview survey with hotels by the study team, the number of employees per room ranges from 0.5 to 2.2 staffs in the study area. The Frama Resort of a five star hotel in Da Nang indicates the highest number of 2.2 employees per room. Although the number of hotels interviewed is limited in the study area, the average number indicates 1.2 staffs per room. These numbers are normal level in comparison with other countries. In case of Indonesia, figures showed in Table 5.1.13 tend to be similar to the survey result.

Table 5.1.13 Number of Employees per Room by Interview Survey in Vietnam

Tourism Region	Range of Employees	Average Employees	Reference: Indonesia Case		
				National	Bali
North	0.7 – 1.3	1.0	Five Star Hotel	1.6	1.7
Central	0.5 – 2.2	1.2	Classified	1.3	1.6
South	1.0 – 2.6	1.2	Non-Classified	0.5	0.9
total	0.5 – 2.6	1.1	total average	0.8	1.2

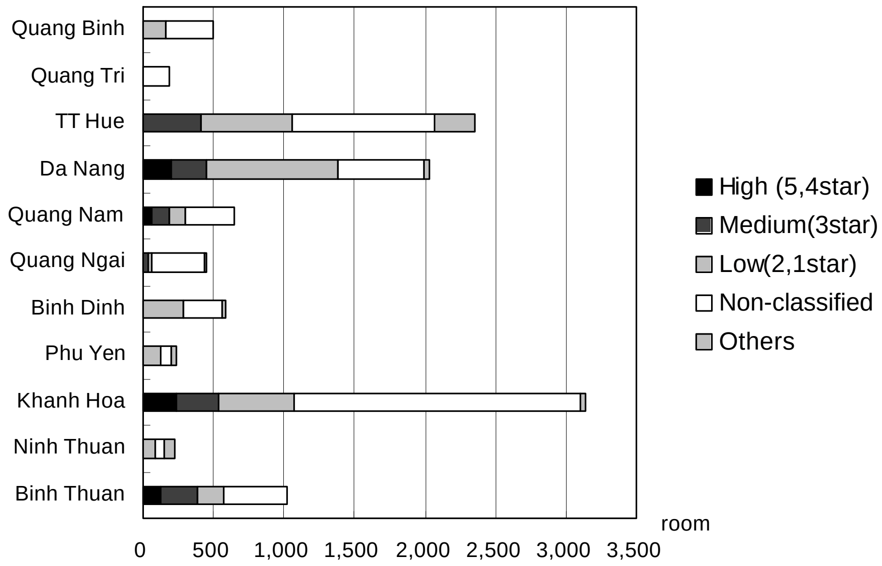
Source: JICA study team, Indonesia: Central Statistical Office (BPS) 1998

5.1.5 Accommodation in the Study Area

Hue, Da Nang and Khanh Hoa provinces dominant in hotel supply

Khan Hoa Province is a dominant supplier of hotels including non-classified hotels with Da Nang City and Thuan Thien Hue (TTHue). The medium (3 star) and high-class hotels (5 to 4 star) mainly concentrate on provinces with World Heritages such as Hue City, Da Nang City, and Hoi An Town in Quang Nam Province. On the other hand, beach resorts in the study area are tending to be developed beside World Heritage destinations. Khanh Hoa Province with Nha Trang and the emerging beach resort areas of Phan Thiet in Binh Thuan Province are typical beach resort destinations. The development of hotels, excluding medium and high-class hotels, in other provinces is currently at the beginning stage.

Figure 5.1.4 Number of hotel rooms by classification in the study area



Source: Classified Hotels in Vietnam (VNAT) 1999 updated by JICA Study team 2001-February

More medium-scale and SOE accommodations than other regions

Although the absolute number of rooms in the study area is lower than other tourism regions, the share of enterprises of classified and non-classified hotel rooms in the study area is higher than others. Especially, Da Nang and others in Central Coast Zone (C2) indicate the highest share among Tourism Zones owing to small magnitude of small accommodation comparatively. This condition is similar to other Tourism Zones except Central Highland Tourism Zone.

Table 5.1.14 Composition of Rooms by Category by Region in the Study Area 2000

Tourism Zone	Classified Hotel	Non-CL Hotel	Guest House	Hostel / Inn	total
C1 / Central North Coast	9.0%	43.2%	21.1%	26.6%	100.0%
C2 / Central Coast	17.9%	46.8%	7.7%	27.6%	100.0%
C3 / Central South Coast	10.7%	47.6%	4.8%	36.9%	100.0%
Study area total	11.9%	46.2%	10.1%	31.8%	100.0%
C4 / Central Highland	*1.7%*	*18.6%*	*0.1%*	*79.7%*	*100.0%*
Tourism Region total	*5.1%*	*27.8%*	*3.4%*	*63.6%*	*100.0%*

Source: General Statistical Office 2000

Highly dependent on SOE's hotel supply

The study area is the most SOE dominated tourism region in Vietnam, especially in the Central Coast Zone. However, the study area has not yet been successful in introducing Joint-Venture enterprises with international standard hotel management in comparison with North and South Tourism Regions and even Central Highland such as Da Lat. More incentives are necessary to induce foreign development investments for develop of the hotel industry in the study area.

Table 5.1.15 Composition of Rooms by Enterprise Type by Region in the Study Area 2000

Tourism Region	Governmental Owned			Private	Total
	SOE	JV	Total	Owned	Average
C1 / Central North Coast	54.8%	7.9%	62.6%	37.4%	100.0%
C2 / Central Coast	65.9%	12.8%	78.7%	21.3%	100.0%
C3 / Central South Coast	58.2%	8.9%	67.0%	33.0%	100.0%
Study area total	59.4%	9.7%	69.1%	30.9%	100.0%
C4 / Central Highland	*14.2%*	*85.3%*	*99.5%*	*0.5%*	*100.0%*
Tourism Region total	*47.5%*	*29.5%*	*77.0%*	*23.0%*	*100.0%*

Source: General Statistical Office 2000

Interview survey on hotels

Most of the large-scale hotels with 3 to 4 star hotels are established by public sector, such as People's Committee of provinces and the cities, State Companies and Army. They have more than 50 rooms. Saigon Tourist Company still plays a big role in the hotel development in the Central Region.

Since the second half of 1990s, private sector opened hotels. However, most of them are small-scale hotels with 10 – 40 rooms. Most of the owners of those small private hotels mentioned the difficulty of business permit procedure and financing arrangement from the banking institutions. The number of employees per room is mostly 0.5-0.8 persons in those private hotels. That is, public sector still controls to protect them in the Central Region.

Most of the hotels purchase furniture, linens and foodstuff from the local market, but alcoholic drinks, water and electric installation, air conditioners and lifts are imported from Japan, Germany, Thailand and others.

Big state owned hotels have insurance of BAUVIET for accidents and properties. However, personal insurance for international tourists are not enough and expecting to use overseas travel insurance of the tourists themselves.

All of the state owned hotels have a training system. They send the staff for training to Tourism School of Saigon Tourists Company in low season. They appreciate the tourist school of Saigon Tourist Company much more than tourism faculty of universities. Actually, many professors come to Saigon Tourists School for self-training.

The major result of the interview survey is summarized as follows. Parenthesis indicates the number of sample.

- Ownership: Province (5), JV (3), Government (1), Private (3)
- Star rate: 4 star to non star
- Establishment period: 1990-95 (5), 1996-99 (7)
- Room range: 9 – 150
- Occupancy rate range: 31% - 90%
- Average Length of Stay: 2-3 days
- Average Employee per room: 1.2 staff per room
- Training to: Saigon Tourist School or University and Tourism College

5.1.6 Capacity Analysis

Existing Accommodation Capacity

According to the assumed key figures that are referred to some existing data of accommodation in Vietnam, an analysis shown below examined the capacity of existing stock of rooms. Table 5.1.16 indicates the assumption of visitor's characteristics and preference for this analysis based on data in 1999.

Table 5.1.16 Assumption of estimation for existing accommodation capacity

Visitor	Preference of Stay		Average length of stay	Guest per room	Hotel use rate (%)
	Classified hotel	Other hotel			
International	80%	20%	2.2	1.6	80
Domestic	25%	75%	1.7	1.9	100

Note: "Preference of Stay" is referred to some provincial statistical data.
"Average Length of Stay" of international tourist is referred to WTO data. (Domestic is hypothesis) "Guest per Room" of domestic tourist is referred to VNAT data. (International is hypothesis) "Hotel Use Rate" is referred to the ratio of VFR and business purpose visitors. Source: Compendium of Tourism Statistics 1994-98/WTO, VNAT Hotel Department

As a result of estimation based on the assumption in Table 5.1.16, the existing accommodation stock could absorb more hotel guests both of international and domestic guests in terms of quantitative capacity in each hotel type in case of achievement of efficient operation. The existing stock of hotels could receive 2.5 million international guests, if the OCR (Occupancy Rate) achieves optimum level as 60 %, and it implies that Vietnam could induce 3.2 million international arrivals.

However, this does not mean that it is not necessary to develop new hotels and improve the existing stock because of unbalanced distribution of hotels concentrating on HCMC and Hanoi and low standard of non-classified hotel occupying over 73% of the total capacity of accommodations.

On the other hand, existing OCR of classified hotels in the Central Tourism Region is comparatively low. Optimum operation of hotels requires careful capacity development and service improvement and more promotional efforts to attract hotel guests.

Table 5.1.17 Estimation for Existing Accommodation Capacity and Guests Generated

Key terms for capacity estimation	Existing Stock of rooms 2000			Reference	
	Classified Hotel	Other Hotel	total	Actual Existing Conditions	/ source
Available Room	19,500	48,500	68,000		/ GSO-VNAT
Available Hotel Bed-Night	11,800,000	32,300,000	44,100,000		
Estimation of Hotel Bed-Night	6,360,075	10,185,925	16,546,000	16,546,000	/ GSO
Estimation of Occupancy (%)	53.9	31.5	37.5	54.0(classified)	/ VNAT
Optimum Occupancy (%)	60.0	60.0	60.0		
Optimum Hotel Bed-Night	7,080,000	19,380,000	26,460,000		
- International hotel guest	2,540,000	2,100,000	4,640,000	ALS = 2.2 days	/ GSO
- Domestic hotel guest	880,000	8,690,000	9,570,000	ALS = 1.7 days	/ GSO
Possible International Arrivals	3,180,000	2,630,000	5,810,000	Hotel use ratio = 80%	

Note: ALS is Average Length of Stay. Possible International Arrivals is estimated by the reverse calculation utilizing ratio of Visiting Friend and Relatives and Business Purpose Visitors who apt to stay apartments or houses and long-stay. Source: JICA Study team

5.2 Tourist Facilities

5.2.1 Category and its Conditions of Tourist Facilities

Tourist facilities accommodating tourists with hospitality services are categorized into four groups of major service facilities. They are: (1) tourist service facilities such as a restaurant, bar and souvenir shop, (2) tourist transportation facilities by land and water access, (3) cultural and recreational facilities, such as a museum, amusement and sports-recreation facilities except hotels, and (4) travel agencies, which is discussed in another section.

<u>Tourist Service Facilities</u>

Generally, there are not enough service facilities for international tourists in the Central Tourism Region, except Hue, Nha Trang and Da Nang. High quality and attractive facilities of this category are predominant in only two international gateways of Hanoi and HCMC, including various international cuisine such as Chinese, French, Indian, Italian, Japanese, and American. Major destination of the Central Tourism Region would be necessary to improve international restaurant and bar-disco in order to attract international tourists and offer after-dinner services.

International tourists can enjoy several souvenir shops with attractive handicrafts in the Central Region, especially Hue City as a craft village and Da Nang City as Marble Mountains handicrafts. However, souvenir shops with attractive and original handicrafts utilizing local resources has not developed yet sufficiently in other provinces. It needs more improvement and development to promote local handicraft productions in the Central Region.

Table 5.2.1 Number of Major Service Facilities and Recreational Facilities in the Study Area

<table>
<tr><th rowspan="2">Tourism Zone</th><th rowspan="2">Provinces</th><th colspan="4">Major Service Facilities</th><th rowspan="2">Museum</th><th colspan="4">Amusement / Sports Facilities by Type</th></tr>
<tr><th>Total</th><th>Restau-rant</th><th>Bar-Club</th><th>Souvenir</th><th>Aquarium</th><th>Water-park</th><th>Garden-Park</th><th>Golf Course</th></tr>
<tr><td rowspan="4">North Coast Zone C1</td><td>Quang Binh</td><td>5</td><td>2</td><td>1</td><td>2</td><td>1</td><td>0</td><td>0</td><td>1</td><td>0</td></tr>
<tr><td>Quang Tri</td><td>7</td><td>2</td><td>4</td><td>1</td><td>1</td><td>0</td><td>0</td><td>2</td><td>0</td></tr>
<tr><td>TT Hue</td><td>25</td><td>16</td><td>3</td><td>6</td><td>6</td><td>0</td><td>0</td><td>3</td><td>0</td></tr>
<tr><td>sub-total</td><td>37</td><td>20</td><td>8</td><td>9</td><td>8</td><td>0</td><td>0</td><td>6</td><td>0</td></tr>
<tr><td rowspan="4">Central Coast Zone C2</td><td>Da Nang</td><td>24</td><td>10</td><td>5</td><td>9</td><td>3</td><td>0</td><td>0</td><td>1</td><td>0</td></tr>
<tr><td>Quang Nam</td><td>20</td><td>17</td><td>3</td><td>0</td><td>5</td><td>0</td><td>0</td><td>1</td><td>0</td></tr>
<tr><td>Quang Ngai</td><td>7</td><td>5</td><td>1</td><td>1</td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>sub-total</td><td>51</td><td>32</td><td>9</td><td>10</td><td>9</td><td>0</td><td>0</td><td>2</td><td>0</td></tr>
<tr><td rowspan="6">South Coast Zone C3</td><td>Binh Dinh</td><td>8</td><td>2</td><td>2</td><td>4</td><td>2</td><td>0</td><td>1</td><td>1</td><td>0</td></tr>
<tr><td>Phu Yen</td><td>6</td><td>5</td><td>1</td><td>0</td><td>2</td><td>0</td><td>0</td><td>1</td><td>0</td></tr>
<tr><td>Khanh Hoa</td><td>41</td><td>30</td><td>6</td><td>5</td><td>4</td><td>1</td><td>0</td><td>1</td><td>0</td></tr>
<tr><td>Ninh Thuan</td><td>13</td><td>4</td><td>7</td><td>2</td><td>1</td><td>0</td><td>0</td><td>1</td><td>0</td></tr>
<tr><td>Binh Thuan</td><td>12</td><td>4</td><td>5</td><td>3</td><td>4</td><td>0</td><td>1</td><td>2</td><td>1</td></tr>
<tr><td>sub-total</td><td>80</td><td>45</td><td>21</td><td>14</td><td>13</td><td>1</td><td>2</td><td>6</td><td>1</td></tr>
<tr><td colspan="2">Total</td><td>168</td><td>97</td><td>38</td><td>33</td><td>30</td><td>1</td><td>2</td><td>14</td><td>1</td></tr>
</table>

Source: General Statistical Office / Guide Books of Lonely Planet Vietnam 1999, Vietnam Travel Atlas 2000

Tourist Transportation Facilities

Transportation facilities seem to be developed by well-organized tour operators with enough capacity of limousine buses or mini-buses for international tourists. However, for domestic tourists, many disabled buses can be observed in the National Highway No.1 due to old cars without sufficient maintenance.

Water transportation facilities play a key role in offering access service to the tourist sites and attractions to tourists. They are limited in the certain tourist areas with river such as Phuong River in Hue, Thu Bon River in Hoi An, and Ham Pho River in Binh Dinh Province, as well as sea as Island access transportation in Nha Trang.

Cultural and Recreational Facilities in Vietnam

Although the statistics of tourist facilities is insufficient due to lack of data information, it is obvious that most facilities are concentrated on well-developed provinces such as T.T.Hue, Da Nang, Khan Hoa provinces as far as the study team has done the survey trip through the Central Region.

Cultural facilities are one of the important elements of tourism facilities in the study area. However, they are not attractive enough in general due to lack of explanations by bilingual (English and Vietnamese), insufficient presentation materials and equipment.

In addition, amusement and recreational facilities play a key role to accommodate domestic weekend tourists. As water parks are trend of new leisure facilities for Vietnamese, Nha Trang City is trying to develop Nha Trang beach coastal area beside Anamandara Resort Hotel. Golf course is also limited sports facility in the Central Tourism Region, only in the Phan Thiet.

Table 5.2.2 Number of Cultural and Recreational Facilities in Vietnam

Tourism Region	Provinces	Total	Museums by Type				Amusement / Sports Facilities by Type			
			Arche-ology	Ethnic	Military	Art	Aquarium	Water-park	Garden-Park	Golf Course
North	Hanoi	11	1	1	4	5	1	1	5	2
	Hanoi's Hinterland	5	0	0	0	5	0	1	4	1
	North-east Coast	2	0	0	0	2	1	0	1	0
	North-east Mt.	3	0	0	1	2	0	0	0	0
	North-west Mt.	1	0	0	1	0	0	0	0	0
	South Coast	0	0	0	0	0	0	0	0	0
	total	22	1	1	6	14	2	2	10	3
Central	Central North Coast	8	0	1	1	6	0	0	6	0
	Central Coast	9	2	0	4	3	0	0	2	0
	Central South Coast	13	3	1	3	6	1	2	6	1
	Sub-total	**30**	**5**	**2**	**8**	**15**	**1**	**2**	**14**	**1**
	Central Highland	39	4	2	6	27	1	4	16	1
	total	69	9	4	14	42	2	6	30	2
South	HCM city	47	0	2	22	23	2	4	5	2
	HCMC's Hinterland	2	1	0	0	1	0	1	1	2
	Mekong River Delta	1	0	0	0	1	0	0	1	0
	total	50	1	2	22	25	2	5	7	4
	Total	141	11	7	42	81	6	13	47	9

Source: General Statistical Office

5.3 Public Tourist Facilities

5.3.1 Park Facilities (tourist facilities in protected areas)

The Bach Ma National Park is the only attractive nature tourism product in the study area. The tourism department in the Park introduces unique environmental education programs to visitors and local people. In spite of rich natural areas in mountains of the study area, there are few adequate park facilities to attract and facilitate visitors.

5.3.2 Other Public Facilities

Many tourist sites in the study area do not have sufficient and adequate public facilities such as “Tourist Information Center,” public toilets, parking facilities, and observatory. Some beaches have been developed well, but facilities become old and difficult to be maintained.

5.4 Overview of Tourist Facilities Development Plans

5.4.1 Tourism Development Plans and Projects

The Vietnam National Administration of Tourism (VNAT) invests in five special resorts in the Central Tourism Region, including some large-scale resort developments such as Lang Co resort development and Van Phong Bay resort development in the study area. Several Tourism Master Plans have been issued in recent year and under planning stage in each province to illustrate their future visions. VNAT has also issued a tourism development master plan in May 2001 as “Master Plan for Tourism Development in the Northern Area of the Central Region of Vietnam up to 2010 and Orientation up to 2020.”

According to each province’s investment plan, the followings are identified as tourism development characters and trends in the study area.

- Each province in the study area has made efforts to promote foreign direct investments for hotel and other tourism attractions. However, all of investment plans of each province are very similar contents that would face tough competition among provinces.
- Most intensive development category is the resort development gunning for principal domestic market, and nature tourism category as “Eco-tourism development”(mountain, lake and other nature recreation development) in conjunction with Ho Chi Minh route development.
- Hot spring development is another characteristic category which many provinces have plans to implement for domestic tourists.
- Historical tourism development is also focused by potential provinces that have Champa monuments or other historical sites.

Although similar geographical conditions and historical background among provinces in the study area force each province to orient similar type of tourism development, each province should put effort to characterize the tourism attractions by utilizing each provincial resource.

Table 5.4.1 Plans and Projects in 11 Provinces

Tourism zoning			Tourism Master Plan	Investment Plan		Tourism Investment (,000 US$)	On-going Project	Major Plans & Projects
Tourism regions	Tourism zones	Provinces			issued			
Central	Central North Coast	Quang Binh	—	●	2000	—		Phon Nha Cave
		Quang Tri	—	—	—	—		
		TT-Hue	●	—	1995	7,115	Lang Co	Lang Co Resort
	Central Coast	Da Nang City	●	—	2000	35,394		Several Beach Resorts
		Quang Nam	●	—	1999	2,250		
		Quang Ngai	—	—	—	—		
	Central South Coast	Binh Dinh	●	—	1996	—		
		Phu Yen	●	—	1996	—		
		Khanh Hoa	—	●	2001	25,369		Van Phong Bay Resort
		Ninh Thuan	●	—	2000	—		
		Binh Thuan	—	—	—	9,077		Several Beach Resorts
Central North-Central		5 provinces*	●	—	2001			

Note: Figures on Investment in tourism indicate legal capital of FDI.
Source: Provincial People's Committees
Data from VNAT
JICA Study Team

Table 5.4.2 Number of Investment Plans by Category of Development in 2002-2010

Provinces	Beach Recre-ation	Internat-ional Resort	Domestic Resort Facilities	Amuse-ment /Sports Facilities	Tourism Infra-structure	Urban Accom-modation	Historic Culture Facilities	Nature Tourism Facilities	Village Tourism	Hot Spring
Quang Binh	2	—	1	—	—	—	—	1	—	1
Quang Tri	1	—	1	1	1	2	1	—	1	—
TT-Hue	1	1	1	1	1	—	2	—	1	1
Da Nang City	—	2	6	3	—	4	2	—	—	1
Quang Nam	—	—	—	—	6	—	1	—	—	—
Quang Ngai	—	—	3	—	—	—	1	3	—	—
Binh Dinh	1	—	3	1	—	1	3	1	—	1
Phu Yen	3	—	2	—	—	—	—	8	—	1
Khanh Hoa	—	—	3	2	—	—	—	13	—	3
Ninh Thuan	—	—	—	—	—	—	4	5	—	1
Binh Thuan	—	40	23	1	—	—	—	—	—	—
total	8	43	43	9	8	7	14	31	2	9

Source: Provincial People's Committee: Department of Tourism (and Trade)
JICA Study Team

5.4.2 Other Plans and Projects

The government is planning to develop the Phong Nha Cave as a candidate of the National Park and the Nature World Heritage. Moreover, there are several development programs and projects of infrastructure such as highway rehabilitation projects, improvement project on Hue and Da Nang airports, and railway improvement projects that relate indirectly with tourism development.

In addition, several resource management projects in the study area have been launched such as Coastal Environmental Management in Da Nang City (DOSTE), urban sewerage system improvement projects in several cities, Hon Mun Marine Protected Area Pilot Project (IUCN), etc.

5.5 Tour Operators and Agencies

5.5.1 Travel Business and its Character

Travel business category

According to the Decree No. 27/2001/ND-CP issued on June 2001, travel business is defined by two categories of domestic travel company and international one. Most small- and medium-scale travel companies belong to the domestic travel company without licensed tour guides, but many of them are doing the inbound tourist business under management or cooperation with the major international travel companies.

The international travel company must have at least 3 licensed tour guides. Management cost of tour guides may impose a heavier financial burden especially for small- and medium-sized travel companies. Requirements for travel companies should be eased, and it can be one of choices to use tour guide dispatch service of the tour guide association.

The following table shows conditions and definitions of each company by the decree.

Table 5.5.1 Travel Business Category

Major Conditions	Domestic Travel Company	International Travel Company
Business Bond	50 million VDN	250 million VDN
Tour Guide	**non**	**3 licensed Tour Guides (minimum)**
Licensing (international)	non	• Application documents to the state tourism management authority (HQ location provinces) , etc
Business rights	• To build, advertise, sell and organize tour programs for domestic and overseas Vietnamese • To attend clubs, professional associations, etc	Additionally; • To make personnel approval procedures on entry, exit and transit for tourists in state authority responsible tourism management • To attend clubs, professional associations, etc
Business obligation	• To set up measures to ensure tourists health, life and assets. • To make public price and conditions of tour programs and services, etc	Additionally; • To promote, advertise Vietnam tourism. • To recruit only licensed tour guides, manage and train them, etc

Source: VNAT/ Decree No. 27/2001/ND-CP

Dominant SOE companies leading travel business in Vietnam

There are 107 tour operators in Vietnam. At the national level, Vietnam Tourism and Vietnam National Travel Agency (VINATOUR) are directly under control of VNAT with other 13 tourism companies, including trade companies. On the provincial level, Saigon Tourism under control of People’s Committee of Ho Chi Minh City is the biggest tour operator in Vietnam.

Fourteen provincial People’s Committees have Department of Tourism and undertake tourism business of their provinces. T.T.Hue Province has 2, Danang has 3, and Nha Trang has one tour office. Other 47 provinces undertake tourism business in the Department of Commerce and Trade. Therefore, they are almost national and provincial companies. Vietnamese national companies are allowed to do tour operator business. Private companies hardly get a permission to handle international tourism. They have a right to contract joint venture with foreign tourist and hotel companies.

Vietnamese land operators engrossing international tourists

The national tourism companies produce and sell tour products to foreign tour operators in Japan, Europe, USA and Australia. Also, their tour products are sold to foreign and domestic customers by small retailers in major cities such as Hanoi, Hue, Danang, Hoi An, Nha Trang and HCMC. Vietnam Tourists has 4 overseas offices in Paris, UK, Germany and Mexico. However, those offices are liaison offices and not working as a travel agency because of the job share contract with the local tour agents and airlines. They intend to open the tourist office in Tokyo as soon as possible.

There are some foreign tour-operators by joint-venture form with Vietnamese partners. For example, a French tour operator of Exotissomo is undertaking Joint Venture of 49% with 51% of National University of Economics (CESAIS). Although it is established as a Vietnamese company, his works are limited to cater the arrived international tourists as a land operator and sell the tours to expatriates. It is not allowed to sell the tour products to Vietnamese customers except the business trippers of foreign companies.

Table 5.5.1 Major Tour Operators and Agents in Vietnam and the Study Region

Tourism Region	Tourism Zone	Name of Tourism Company	Ownership
North	Hanoi City	Vietnamtourism	VNAT
		Vietnam National Travel Agency (VINATOUR)	VNAT
		Hanoitourism	Hanoi City Ps'C
		Hanoi Toserco	Hanoi City Ps'C
		BS Travel Agency	Private
		Diethelm Travel	Private
Central	C1 North Coast	Quang Binh Tourist and Hotel Company	Quang Binh Ps'C
		Quang Tri Tourist Company	Quang Tri Ps'C
		Thua Thien Hue Tourism	Thua Thien Hue Ps'C
		Hue Tourist Company	Hue City Ps'C
		Huong Giang Tourist Company	Thua Thien Hue Ps'C
	C2 Central Coast	Da Nang Tourism Company (Danatours)	Da Nang City Ps'C
		Vietnamtourism-VITOURS	Da Nang City Ps'C
		Quang Nam Tourism Company	Quang Nam Ps'C
		Hoi An Tourist Service Company	Hoi An Ps'C
		An Phu Tourism	Private
		Quang Ngai Tourist Company	Quang Ngai Ps'C
	C3 South Coast	Binh Dinh Tourist Company	Binh Dinh Ps'C
		Phu Yen Tourist Company	Phu Yen Ps'C
		Khan Hoa Tourism Service Company	Khan Hoa Ps'C
		Nha Trang Tourist	Nha Trang Ps'C
		Ninh Thuan Tourist Company	Ninh Thuan Ps'C
		Binh Thuan Tourist Company	Binh Thuan Ps'C
	C4 Central Highland	Lam Dong Tourist Company	Lam Dong Ps'C
		BANMECO company	DakLak Ps'C
South	Ho Chi Minh City	Saigontourist	HCMC Ps'C
		PeaceTour Company	S.O.E-Woman's Union
		APEX Vietnam	JV/ + APEX Japan
		V.Y.C Travel Company	Private
		Vietnam Festival Trading & Tourism	Private
		Exotissimo	JV/CESAIS+ Exotissimo
		Ann Tours	Private
		O.S.C Travel	S.O.E-SMI Group

Source: JICA Study team / VNAT

5.5.2 Professional Association

Organization

There is at present no official, professional association of tourism related industry. Some foreign management staff of international hotel companies mentioned the hope of the establishment of professional association of tourism and service industry. Recently, the government is moving to approve the establishment of those professional associations, of which objectives of the association are to upgrade tourism services and develop human resources.

Group insurance by the professional association

There are some Vietnamese insurance companies. However, exchange rate of Vietnamese Don (VDN) and foreign currency make difficult to insure proper level of foreign tourists. Actually, insurance for tourists depends highly on the tourists' individual overseas travel insurance. However, coping with the expansion of the activities of the tourism, insurances for accident of transportation passengers, hotel guests, leisure guests are urgently required to protect both tourists and enterprises.

5.5.3 Interview Survey on Tour Operators in the Study Area

Weak private sector of tour operators

Large state owned companies are big employment generators that employ 100-400 people. On the other hand, private companies employ at most 10-20 people. Most tour operators who belong to state owned companies in the study area handle major business transaction. Thus, small- and medium-enterprises are forced to be in tight conditions of limited business transaction.

Necessary improvement of permission procedure of business

To get business permission for private companies takes long time. It took more than 2 years in the past, but it is relaxed now but still two months. On the other hands, state owned offices can get a permit within two weeks. Small private tourism offices have only “Domestic Tour Business License” and can handle inbound international tourists.

Insufficient human resource (tour guides and other service staff)

There are few graduates of tourism faculties of universities working in the tourism companies. Most of them are the graduates of foreign language, economics and law. English and French are currently dominant languages of guides based on the market mechanism depending on the number of visitors to the study area. In order to accommodate emerging market groups like Japanese, Thai and Chinese to the study area, it is necessary to develop human resources of tour guides and other tourist service staff who can handle with them.

Table 5.5.2 Number of Tourist Guides by Speak Language Service in 11 Provinces

Tourism Zone	Provinces	Total	English	French	German	Italy	Russian	Japanese	Chinese
Northern Coastal Zone	Quang Binh	8	na	na	na	na	Na	na	na
	Quang Tri	15	11	2	0	0	2	0	0
	TT Hue	77	41	22	0	0	5	2	7
	sub-total	100	52	24	0	0	7	2	7
Central Coastal Zone	Da Nang	161	84	35	20	0	5	11	6
	Quang Nam	11	na	na	na	na	Na	na	na
	Quang Ngai	na	na	na	na	na	Na	na	na
	sub-total	172	84	35	20	0	5	11	6
Southern Coastal Zone	Binh Dinh	9	5	2	0	0	2	0	0
	Phu Yen	na	na	na	na	na	Na	na	na
	Khanh Hoa	38	26	12	0	0	0	0	0
	Ninh Thuan	na	na	na	na	na	Na	na	na
	Binh Thuan	6	6	0	0	0	0	0	0
	sub-total	53	37	14	0	0	2	0	0
	Total	325	173	73	20	0	14	13	13

Source: Each Provincial Department of Tourism (Trade and Tourism), na = not available

5.6 Development Issues for Accommodation and Tourist Facilities in the Study Area

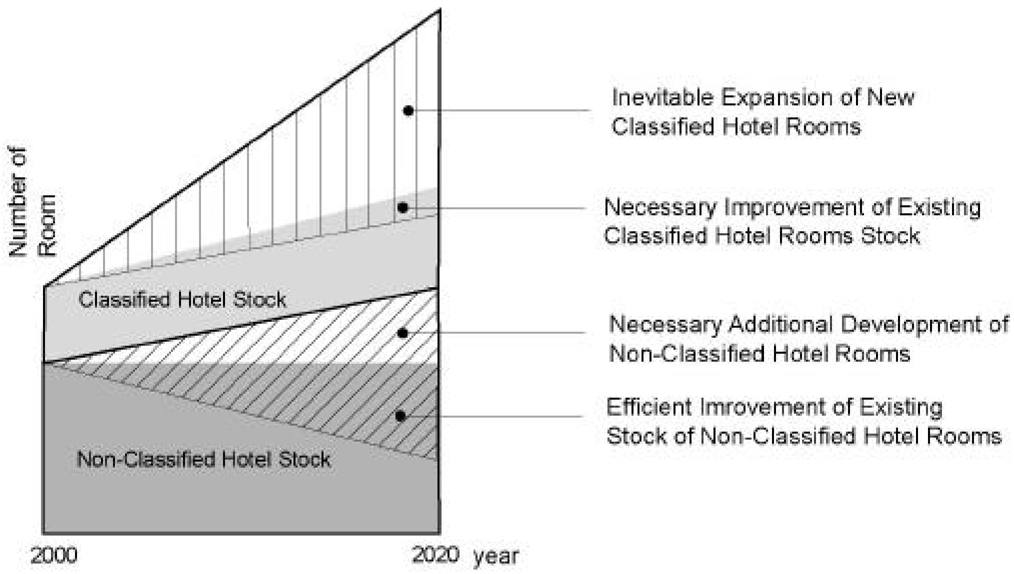
5.6.1 Accommodation Development Issues

Accommodation capacity expansion

A big gap of existing stock of hotel rooms between major international gateways of Hanoi, HCMC and the study area with the Da Nang international gateway should be bridged in order to have balanced distribution of tourist accommodations for adequate coastal resort development. The followings are major issues to fill the existing gap and expand the capacity quantitatively.

- Absolute lack of capacity of middle- and upper-class hotels in the study area should be increased to accommodate the potential demand of international tourists. Thai tour operators suggested that the expansion of accommodation capacity of Frama Resort class hotel in the Central Region would be able to immediately absorb potential customers.
- Increase in existing stock of non-classified hotels is inevitable to accommodate the certain demand of domestic tourist.

Figure 5.6.1 Combination with Newly Development and Improvement



Source: JICA study team

- It has been pointed out that one of the reasons for delay and withdrawal of foreign hotel investment was not only administrative rigmarole but also small incentive for investors in the study area. In order to promote more investment of accommodation development, it is required to enforce more efficient and attractive incentive not only for the foreign investors but also emerging active domestic investors.
- Coping with a future increase of domestic tourists who enjoy the beach

and nature recreation, affordable and convenient accommodations will be desirable to promote youth and family tourism. Guesthouse system can offer the capacity for those demands by shifting from special use for limited tourists to open use for public.

Service improvement

Improvement of accommodation services is a common issue for both the study area and all provinces in Vietnam. In order to offer sufficient and professional services of hotels, the following issues need to be contended with.

- Service facilities of accommodation with certain level of standards are required to be upgraded.
- An accreditation system for non-classified hotels is required to establish their facilities and services standard with efficient staff preferment (private organization entrustment, etc).
- Diversification of accommodation type (urban, coast, rural, mountain, and recreational camping, etc) is desirable to meet various hotel guest needs.

Operation and management improvement

Management of accommodation in the study is still under rigorous condition due to several disadvantageous factors such as short good weather season, insufficient infrastructure, lack of skilled staff and insufficient financial support, especially for small- to medium-private enterprises. The issues to be tackled on are identified as follows.

- Expansion of “length of stay” of accommodation in order to achieve the workable management with proper marketing efforts and product development.
- Continuous marketing efforts and stable procurement system for food with reasonable prices are required to sustain competitive hotel operation.
- Hospitality services of accommodation with certain level of staff are required to improve effective human resource development system.
- Advanced technology for management and operation by computer aid system such as electronic commerce or Internet booking system is also required.

5.6.2 Tourist Facilities Development Issues

Tourist facilities to support basic tourist services play an essential role in formulating attractive tourism products such as cultural, historical excursion in the study area. Improvement of the following tourist facilities is identified.

Tourist Information and Guiding Service Enhancement

One of the most frequent complaints from international tourists is insufficient information service, basic tourist facilities and tourism attractions in Vietnam.

The tourist guiding service is required to cope with the followings.

- Accessible information service facilities in the gateway area of tourism destinations for both international and domestic tourists who seek local knowledge and information are necessary.
- Convenient and helpful tourist guide service for tourists should be involved in above information service to meet tourist's request.
- Sign and directional maker should be developed in the tourism attractions to guide tourists properly and to introduce attractions with interpretative board about objects.

Upgrading Tourism Resources and Products Attractiveness

Proper tourist facilities help tourists to access easily, enjoy and understand tourism resources efficiently, and to guide and control tourist activities in the sites adequately. The following issues are identified to cope with them.

- Improvement of visitor service facilities such as a ticket booth, bench, parking, public toilet, kiosk and site museums for historical and cultural sightseeing
- International restaurants in the study area are relatively low quality than Hanoi and HCMC. Local seafood and vegetable can be developed by various restaurants with international standard.
- Tourist service facilities should improve the conditions of health, sanitation and safety to cope with their disrepute standard.
- Upgrading recreational facilities utilizing natural resources such as boat and pier improvement for marine recreation or river cruise, observatory for sightseeing, footpath for mountain trekking, cycling route, etc.
- Village tourism encouragement with necessary infrastructure improvement such as parking, public toilet and waste disposal, etc (this matter is described in detail in another chapter. See Tourism Resource Management)

Creating Attractions with Facilities Development

In consideration with new tourism trends as alternative tourism movement or conventional recreation activities, new facility development might be effective to develop new potential market utilizing local tourism resources and environment as follows.

- New facility development matching to expected alternative tourism trends and movement such as supporting facilities for eco-tourism, recreational equipment and facilities for adventure tourism like river rafting, sea kayaking, trekking, diving, etc.
- Conventional recreational and leisure facility development such as marina base for marine recreation, golf course for resort development, leisure-park for domestic tourists, to induce domestic mass market.

Local Product Encouragement

Local handicrafts are one of the most important tourism products in Vietnam. However, the study area has not developed attractive handicrafts by utilizing local character except some provinces such as TTHue and Hoi An in Quang Nam. There are famous local products, which each province has exported to other provinces and overseas countries such as dragon fruits, conical palm hats, fish sauce and embroidery. However, it is difficult for tourists to enjoy and purchase those local products when tourists travel to each province, and local communities have lost opportunities to sell them to tourists. Facility development for local product encouragement should cope with the following issues.

- It is necessary for the facility development to catch up travel tourists efficiently such as roadside facilities.
- Conservation and improvement of traditional handicrafts to enhance competitive tourism product character in each province by proper supporting facilities development such as “Handicrafts Center”
- Facilities should function to support the promotion of local product development as tourism elements contributing to economic development

5.7 Development Strategy for Accommodation and Tourist Facilities in the Study Area

5.7.1 Accommodation

Lodging Supply Fitting Product Formulation

In order to improve the weakness of accommodations in the study area, the following direction can be illustrated as a development priority of accommodations. It is also considered that public recreational area with simple accommodations such as campsite in the study area should be developed to avoid monopoly of coastal area by private enterprises.

- Market oriented supply
  In order to meet the future expansion both of international and domestic tourists, accommodation should be supplied and diversified by adequate type of facilities in consideration with each market demand. In coping with diversification of tourism product, resort hotels or village lodging can respond to international tourist needs, and youth hostel or camping sites will contribute to absorption of domestic tourist’s needs.

- Location consideration
  The study area consisting of highland-mountain, paddy field plain, urban area and sand beach coastal zone has some limits to develop possible locations for accommodations due to land policy of sustaining agricultural areas and physical conditions of land. Coastal zones in the study area will be one of the most agreeable locations to supply accommodations except urban areas and some specific location in the rural area such as hot spring, lakeside, and highland.

Table 5.7.1 Development Priority of Accommodation Facilities in the Study Area

Accommodation type		Urban Hotel	Resort Hotel	Tourist Villa	Youth Hostel	Village Lodging	Mountain Lodge	Camping Sites
Scale of capacity	Large size	◎	◎	□	—	—	—	—
	Medium size	●	●	◎	●	—	—	□
	Small size	□	□	●	□	●	□	◎
Tourist preference	International	◎	●	□	□	◎	—	—
	Domestic	◎	□	●	◎	□	□	◎
Product Fitting as Accommodation Base	Sightseeing Tourism	●	●	◎	●	◎	□	—
	Coast Resort Tourism	◎	●	●	●	□	—	□
	Rural Village Tourism	□	◎	●	◎	●	□	—
	Adventure Tourism	—	□	□	□	◎	●	●
	Nature Tourism	—	□	◎	◎	●	●	●
Tourism Zone	C1 Zone	●	◎	□	◎	●	●	◎
	C2 Zone	◎	●	□	◎	□	◎	◎
	C3 Zone	◎	◎	◎	◎	□	□	●

Legend: ● First priority ◎Secondary □Tertiary — Low priority or not suitable
Large = over 100 rooms, Medium = 50-100 rooms, Small = 10-30 rooms
Source: JICA Study Team

International Tourism Base Development

Development of the tourism base requires an integrated approach that avoids environmental deterioration, social problems and investment promotion problems. The coastal area in the study area is one of the best locations to accommodate the base development in terms of sufficient land without decrease of agricultural land and “sun and beach” place. This integrated resort base aims at formulating advantageous development as follows.

- Creating integrated resort image utilizing local character
- Controlling adequate facilities development with land use guideline and design standard
- Providing various tourist facilities and services including common open space for public and public services (e.g. transport, operational)
- Promoting foreign investment and marketing customers efficiently and effectively
- Offering land management services by special organization with broad experts and skilled technical staff
- Inducing proper international finance agencies for necessary infrastructure development
- Involving local community service development for living standard improvement with adequate infrastructure and local employment with proper training program

Affordable accommodation supply for domestic tourists

Domestic tourists as increasing market of Vietnam tourism will require high volume of accommodation capacity in the future. Therefore, affordable accommodation for domestic tourists will be inevitable, especially for youth and family tourists. This type of accommodation is desirable to be invested by public sector, including S.O.E, utilizing guesthouse stock mainly.

- Youth Hostel for domestic educational group tourists, students and international budget tourists
- People's Vacation Inn for domestic family tourists and community group tourists
- Public Camping Sites or Nature Lodge for naturalists and nature recreationists or budget tourists

5.7.2 Service Facilities

Tourist Information Services on Tourist Travel Nodes

Tourist Information Center (TIC) aims at enhancing the information service for international tourists in major travel nodes in the study area. Also, it should be developed in conjunction with a market promotion and advertisement strategy that described in detail in the previous chapter. TIC development can be involved in several type of other tourist service facility development as follows.

- TIC in collaboration with Visitor Center development
- TIC in collaboration with Roadside Station development

Upgrading Resources and Products Attractiveness

Historical, cultural and natural tourism resources in the study area without guide information and sufficient facilities have decreased their values and potentials. The development of supporting facilities aims at enhancing their values and preventing them from environment deterioration. By utilizing spectacular scenery of the coast in the study area and good weather condition in the southern part of the study area, development of recreational sports facilities is recommended to support tourism products in the study area. The following table shows the major development of supporting facilities.

Table 5.7.3 Supporting Facilities Development by Tourism Resources Category

Category	Supporting Facilities Improvement	Major Attraction in the Study Area	Tourism Zone		
			C1	C2	C3
Historical Cultural Resources/ Products	• Access road / parking • Sign and Information • Site museums • Representation facilities such as illumination, etc	Sa Huyn classic ground	—	●	—
		Champa archeological sites	◎	●	□
		Nguyen Dynasty sites	●	◎	◎
		Modern era historical sites	●	◎	◎
		Ethnic villages and their lifestyle	●	◎	◎
Natural Resources/ Products	• Access road / parking • Sign and Information • Public facilities (w.c., rest place, kiosk, litter-bin) • Pier-jetty, marina, others • Observatories • Other necessary facilities	National Parks & other protected areas	●	◎	◎
		Coastal scenic area & landscape	●	●	●
		Beaches and marine resources	◎	◎	●
		Rivers, falls and lake	●	●	□
		Hot springs and others (fall, cave, etc)	◎	◎	◎
Others	• Cycling road network • Horse riding facilities, etc	Possible sports and recreation	□	●	●

Legend: ● First priority ◎Secondary □Tertiary — Low priority or not applicable
Source: JICA Study team

Creating Attractions with Facilities Development

Utilizing potential resources and environment in the study area, facility development or new equipment introduction for new attraction and alternative tourism is recommended to promote as follows.

- New facility development for potential products
  - New train coach for *train tourism* between Hue – Da Nang railway
  - Marina in southern province for *new marine tourism*
  - Golf course in southern province for *coastal resort development*
- Supporting facility development for alternative tourism
  - Nature observation facilities such as bird-watching observatory, nature museums, elevated board-walk, trekking footpath, etc for *eco-tourism*
  - Outdoor equipment and services such as rubber dinghy of river rafting, canoe, kayak and hang gliding, mountain biking and horse riding for *adventure tourism*

Encouragement of Local Product

In order to encourage local products, several types of development are proposed as follows.

- Development of *Traditional Handicrafts Center* for formulation of conservation and promotion of potential local handicrafts
- Handicrafts and other local food's promotion in conjunction with development of *Roadside Station* including shops and floor corner to merchandise local products for vehicle travelers on highways
- Collaboration with hotel industries and local food, handicrafts suppliers through marketing and design development coordination

5.7.3 Facilities Guidelines and Land Use Control

Tourism facilities have been reasonably developed in general in the study area, however it is observed that several facilities have destroyed the surrounding environment due to an unsuitable construction method and unbalanced facility design with natural or historical environment. Also, several tourism development plans have been planned by an inappropriate manner without consideration of historical heritage environment conservation.

New large-scale development in the coastal area for beach resort bases requires careful measures and programs not only to conserve natural environment but also to create attractive tourist environment with international standards. Therefore, it is recommended for the central and local administrations to establish adequate development guidelines and control measures for the study area.

Coastal tourism area development guideline: Coastal resort developments for international tourists are recommended to implement considerate feasibility studies with sufficient environment impact assessment. Several candidate areas such as Thua An -Lang Co in T.T.Hue, My Khe-Non Nuoc in Da Nan City, Van Phon in Khan Hoa and Phan Thiet-Khe Gha in Binh Thuan provinces are expected to implement their projects. Appropriate guidelines, including land use guideline, facilities design standard, infrastructure standard in consideration with fragile natural environment are required to elaborate and prepare. The study team illustrates the guideline for “Environmental Conservation in Coastal Area Development” in another chapter.

Facility guideline for historical and cultural tourism environment: Historical areas should be kept by their original environment as possible as they can, by several control measures such as height control, façade control for new buildings, scenery control, color guideline, etc. Especially, archeological sites need special consideration of sufficient academic research, investigation and elaboration of restoration techniques in order to restore the original environment of sites.

Facility development guideline for coordination among provinces: In order to avoid insufficient and irrational development by duplication of similar facilities and over competitive condition in each province, guidelines for proper development are necessary to be established as soon as possible. The followings are developments that need guidelines for the study area.

- Tourist Information Center
- Visitor Center
- Roadside Station
- Village Tourism
- Champa Historical Area Development

6. Infrastructure

6.1 Transport

6.1.1 Air Transportation

Accessibility by air transportation

Table 6.1.1 shows the accessibility of each province by air transportation, which is evaluated by time distance from nearest airports by land transport. The table shows the followings;

- Because of frequent domestic flight from HCMC airport and, Binh Thuan is one of the easiest accessibility;
- In spite of existence of direct frights to Da Nang, accessibility to it is limited because of insufficient flight;
- Khan Hoa and TTHue are evaluated high because of existence of domestic airport and frequent fright accessibility, but Gia Lai isn't evaluated so high because of limited fright; and
- Dak Lak and Lam Dong provinces are evaluated high because they are located near HCMC and Nha Trang.

Table 6.1.1 Evaluation accessibility

Tourism zones	Provinces	Evaluation
North Coast	Quang Binh	C
	Quang Tri	C
	Thua Thien-Hue	B
Central Coast	Da Nang City	B
	Quang Nam	B
	Quang Ngai	B
Central South Coastal	Binh Dinh	C
	Phu Yen	C
	Khanh Hoa	B
	Ninh Thuan	B
	Binh Thuan	A
Highlands	*Kon Tum*	*D*
	Gia Lai	*E*
	Dak Lak	*B*
	Lam Dong	*B*

Note: Evaluation criteria are set as Total evaluation is scored A=14-11 points, B=11-8 points, C=7-4 points, D=3-1 points and D=0 point. See appendix for more details.
Source: JICA Study team

Capacity of air transportation

According to the preliminary analysis in comparison with available seats in 2001 and airport passengers in 2000, capacity of fright is sufficient level in the Central Region. The following characteristics are identified in the Table 6.1.2.

- Average load factor in the Central region is 58.1%, but it is 81.4% in Nha Trang airport. Expansion of seat capacity is needed near future; and

- Airports in the Central Highland indicate relatively low load factor (24.8%) due to cancellation by bad weather.

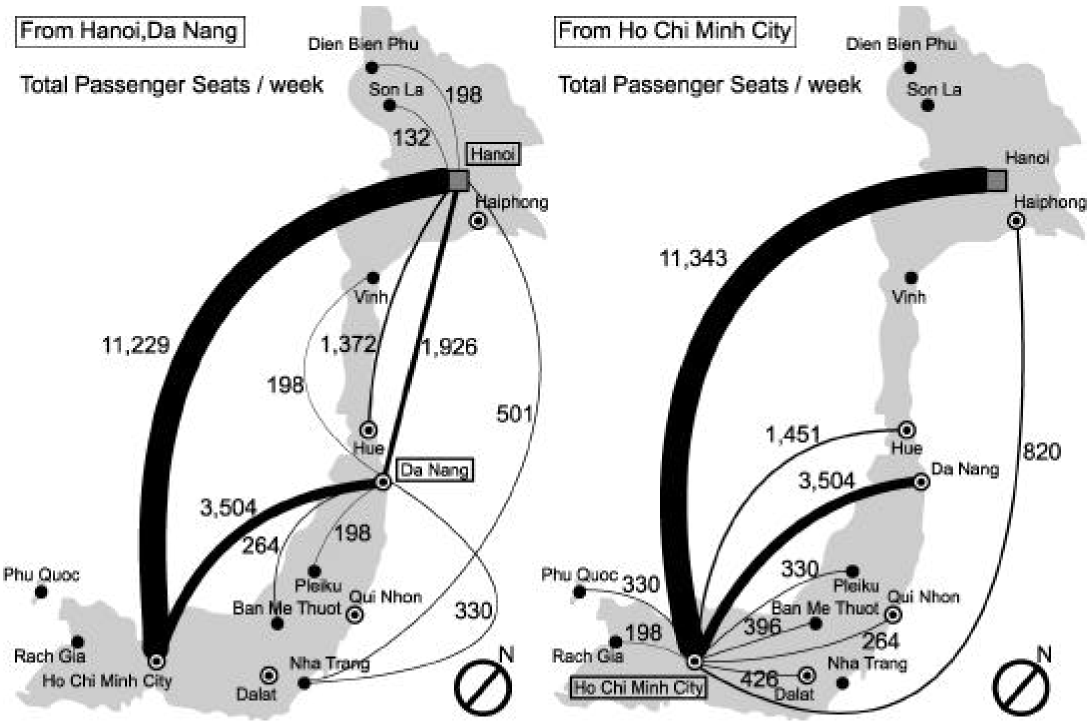
Table 6.1.2 Capacity of Vietnam Airlines Flights in the Central Region

(Unit: passengers per year)

Location of airports	International Flight Capacity*	Domestic Flight Capacity			Total	Load factor (%)**
		From Hanoi	From HCMC	From Da Nang		
Hue	127,902	58,699	64,437	0	251,038	79.2
Da Nang	444,909	84,507	136,050	0	665,466	70.5
Qui Nhon	0	42,432	12,672	0	55,104	35.0
Nha Trang	144,965	6,600	27,390	12,672	191,627	81.4
Sub-total	717,776	192,238	240,549	12,672	1,163,235	72.5
Plei Ku	*0*	*25,050*	*15,774*	*11,022*	51,846	-
Buon Ma Thuot	*0*	*28,800*	*19,008*	*12,672*	60,480	-
Da Lat	*311,117*	*54,750*	*24,090*	*0*	389,957	-
Sub-total	*311,117*	*108,600*	*58,872*	*23,694*	*502,283*	24.8
Total	1,028,893	300,838	299,421	36,366	1,665,518	58.1

Note * Flights of Vietnam Airlines via HCMC or Hanoi from abroad.
** Load factor is estimated by timetable in 2001 and airport passengers in 2000.
Source: JICA Study team based on Timetable in 2001, Vietnam Airlines

Figure 6.1.1 Domestic Flight Seat Capacity in Vietnam 2001 (Vietnam Airline)



Source: JICA Study team / Vietnam Airlines Timetable March-October 2001

Airports in the Central Region

The Tan Son Nhat International Airport (HCM city) as one of the most important international gateway of Vietnam tourism, managed 2.3 million international passengers in 2000 (76% of total passengers), while Noi Bai Airport (Hanoi) receiving 0.65 million (24% of total passengers). Responding to recent demand of passengers, the Government has been opened a new international terminal of Noi

Bai International Airport recently. In parallel, other local airport also is looking for its feasibility to improve the facilities such as Da Nang Airport and Phubai Airport expected to receive directly more international tourists with new international flights from Asian market source countries. The airports in the Central Region are listed as follows. The Phubai Airport has been designated as the international airport at November, 2001.

Table 6.1.3 Airports in Vietnam

Category	Number of Airport	Major Airport	No of Passengers (2000)		Length of Runway	Notes
			Total	International		
Inter-national Airport	3	Noi Bai (Hanoi)	1,824,284	650,166	3,200	Operated by NAA
		Tan Son Nhat (HCMC)	3,743,050	2,292,890	3,045	Operated by SAA
		Da Nang	407,324	15,976	3,048	Study area (Operated by CAA)
Local Airport	4 (5)	Phubai (TTHue)*	198,874	NA	2,700	
		*Chu Lai (Quang Nam) ***	-	-	*3,050*	
		Phucat (Binh Dinh) ***	19,302	NA	3,050	
		Tuy Hoa (Phu Yen)	NA	NA	2,900	
		Nha Trang	155,911	NA	1,860	
	3	*Pleik (Gia Lai) ****	*53,278*	*NA*	*1,830*	*Operated by CAA*
		Buon Ma Thuot (Dac Lac)	*32,706*	*NA*	*1,800*	*Operated by SAA*
		*Lien Khuong (Lam Donng) ****	*38,544*	*NA*	*2,354*	*Operated by SAA*
	12	*Other major airport ****	*127,127*	-	-	*Other area*
Total	19		6,503,326			

Note: * = The Phubai Airport has been designated as the international airport at November, 2001. ** = Chu Lai airport is expected to develop as cargo terminal for industrial zones in future. *** Figure is 1998.
NAA = Northern Airport Authority, CAA = Central Airport Authority, SAA = Southern Airport Authority
Source: The Study on the National Transport Development Strategy in Vietnam, JICA

Airlines and flights

In Vietnam, both international and domestic flights serve scheduled flights to each major province. Twenty-four international airlines provide regular flights to Vietnam, and most of all long-haul flights serve stopover flights via other countries such as Bangkok, Kuala Lumpur, Singapore and Hong Kong. On the contrary, short-haul flights to Asian cities are predominant (80% of total flights) international routes to Vietnam directly. Vietnam Airlines (VN) plans to open new international routes to the Central Region (Da Nang-Bangkok, Da Nang-Siem Reap).

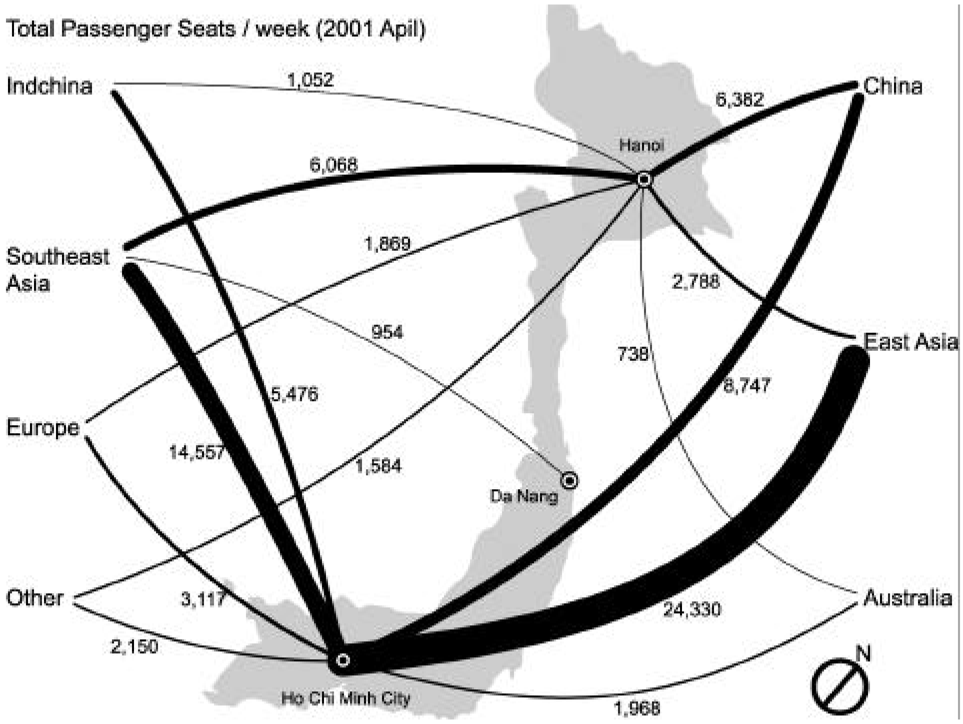
Domestic scheduled flights are structured around the 3 international airports that serve as regional hub airports. Routes connecting with these airports are mainly operated with A320 (150 seats) and B767 (221 seats) by VN and with MD82 (139 seats) by Pacific Airlines based in HCM city. Other relatively small flights with F70 (79 seats) and ATR72 (64 seats) by VN are serving local flights to remote provinces in the Central Region.

Table 6.1.4 Major International Airline Flights to Vietnam in 2001

Category	Region/Country coming from/to	Flights per week			Total	Major Airlines
		Hanoi	HCM City	Da Nang		
International Airlines	South East Asia*	48	163	3	214	VN, CX, TG, SQ, MH, AF, NG, QV
	China mainland	21	42	-	63	CI, CZ, BL
	Taiwan	7	31	-	38	VN, CI, CZ, BL, BR
	East Asia	3	30	-	33	JL, NH, KE
	Others	27	19	-	46	VN, SU, QF, EK
	Total	96	285	3	384	

Note: Vietnam Airlines (VN), Cathay Pacific (CX), Thai Air(TG), Singapore Airlines(SQ), Malaysia Airlines (MH), Lauda (NG), Lao Aviation(QV), China Airlines(CI),China Airlines(CI), China Southern Airlines(CZ) China Airlines(CI), Pacific Airlines(BL), EVA Airways(BR), Japan Airlines(JL), All Nippon Airways (NH), Korean Airlines(KE), Aeroflot(SU), Eminates (EK)
South East Asia = Thailand, Malaysia, Philippine, Lao PDR, Cambodia, East Asia = Japan, Korea, Others = Europe, North America, Russia, Middle East, OCEANIA
Source: JICA Study team / Vietnam Airlines Timetable March-October 2001

Figure 6.1.2 International Flights Seat Capacity to Vietnam 2001



Source: JICA Study team

6.1.2 Road transportation

Accessibility by land transport

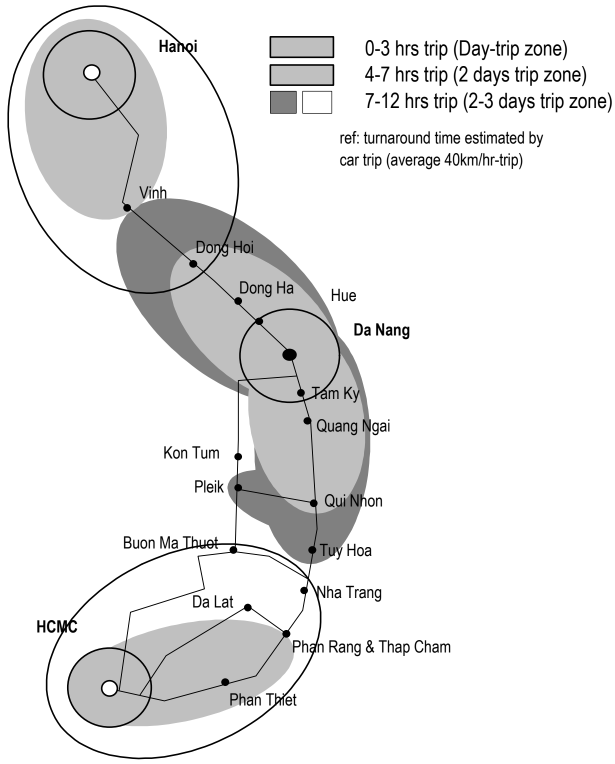
Access by air transportation has been playing important role in the Central Region. On the other hand, almost domestic tourists are using land transportation such as bus and train due to saving the transportation cost.

Time distance analysis in the Figure 6.1. shows time-distance between gateways and destinations by land transportations in the Central Region.

This analysis makes clear the followings:

- Da Nang covers TT Hue and Quang Nam as day-trip zone, but can't cover other provinces as a day-trip destinations;
- Due to far from 3 international gateways, it takes several days trip for Phu Yen and Khan Hoa and highland provinces;
- HCMC can cover 2-3 days trip by land transportation for southern part of the Central Region;
- Hanoi can't cover 2-3 days trip by land transport for northern part of the Central Region; and
- Quang Binh, Phu Yen, Khan Hoa, Gia Lai, Kom Tum provinces are covered by land transport with long days and by domestic air transportation only.

Figure 6.1.3 Time-distance of Capital Cities of Major Provinces in the Central Region



Note: Time-distance is estimated by the next conditions (roads in coastal area = 40 km/h, mountainous roads in highland area = 30 km/h, shortest routes with paved road are selected)
Source: JICA Study team

Road network

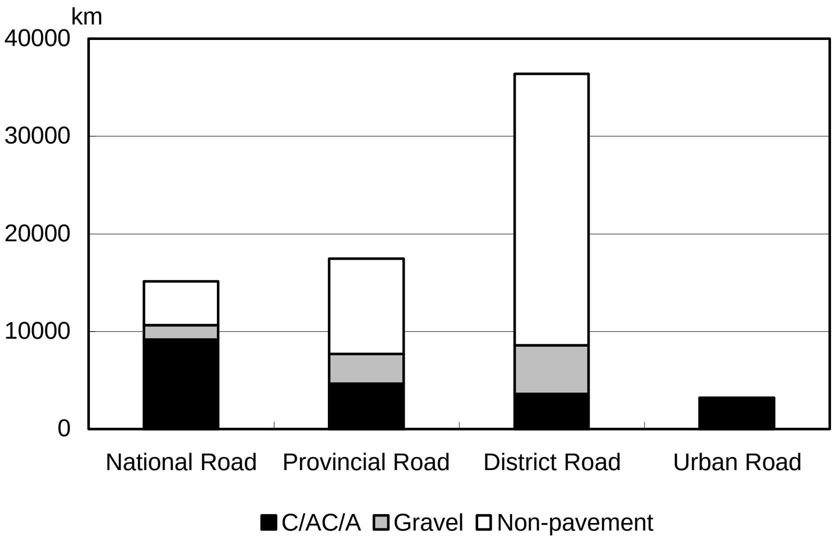
The road network is essential not only to secure comfortable tourist activities in the region, but also to serve regional economic activities and the daily life of local communities. The conditions of road and its network in Vietnam are summarized as follows.

- The road network (over 200,000 km) is divided in seven categories as the National, Provincial, District, Urban, Village, Subdivision roads network and.
- The National Road No.1 with asphalt pavement penetrating the country

in the south-north axis, serves essentially the national economic activities. This road is under-construction partially from both sides of Hanoi and HCM city financed by JBIC, World Bank and ADB until 2003-04 target years.

- The National Road No.1 plays an important role in connecting with major tourism attractions in the Central Region and major international gateways (Hanoi, HCMC, Da Nang) such as major beach resorts and Champa historical ruins.
- In parallel, mountainous roads as another north-south axis penetrating through highland areas has been implemented to develop HCM route in order to serve economic development of rural highland areas. This is expected to utilize access to mountainous area for nature tourism.
- The Ministry of Transport (MOT) is responsible for national highways (15,121km /7% of the total) while the provincial People's Committees are responsible for the provincial road (17,449km /8.3%) including urban roads and special roads network.
- According to the data of MOT in 1997, the road of paved by asphalt or concrete reaches only 4.4% of the total road length while 61% of total National Road has been paved and 73% of total provincial road remain the necessity of its improvement.

Figure 6.1.4 Road Length and Conditions in Vietnam 1997

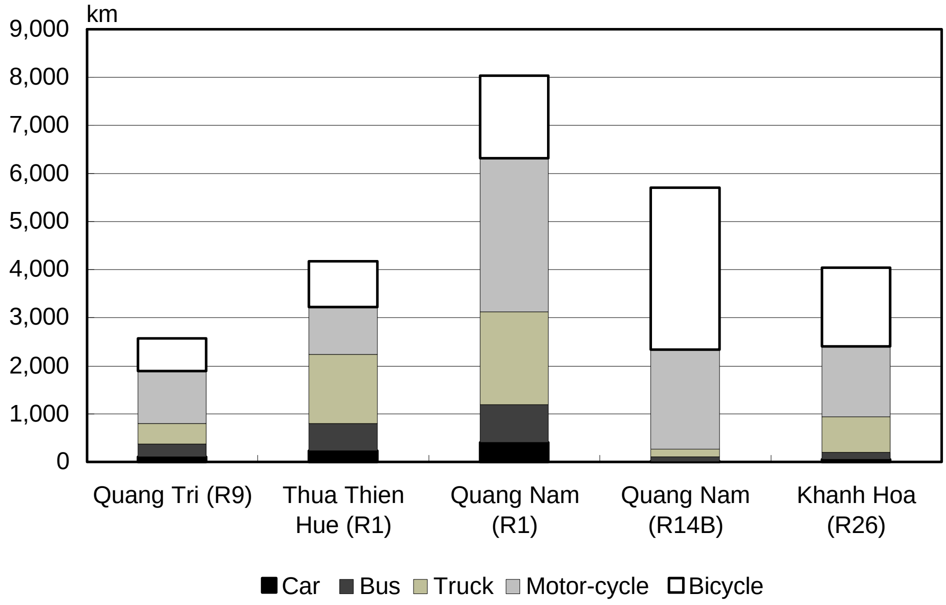


Note: A=asphalt, AC=asphalt concrete, C=concrete
Source: MOT and VRA (The Study on the National Transport Development Strategy 2000)

Land transportation condition in the Central Region

According to the VITRANSS traffic survey in1999, traffic volume of four-wheel vehicles is still moderate (2,500-8,000 vehicles-both ways per day) on several National Road sections except roads in urbanized area such as traffic at Tam Ky in Quang Nam province. However, number of motorcycles and bicycles are considerable volume that would affect inefficient and unsafe traffic as mixed mode on national roads.

Figure 6.1.5 Traffic Volume of Selected Roads in the Central Region



Note: Quang Tri at west of Don Ha, TT Hue at Lang Co, Quang Nam (No.1) at north of Tam Ky, Quang Nam (No.14B) at Dai Lok, Khan Hoa at east of Phung Hoang pass
Source: MOT and VRA (The Study on the National Transport Development Strategy 2000)

Transportation services for tourists are usually prepared by travel agents in cooperation with transportation companies. Tour bus and mini-bus serve tourists of organized tour in medium-long distance trip, on the other hand, taxi and cycles and rental motorbikes and bicycle serve independent tourists in short distance trip.

Cross-border road network in the Central Region as East-West Corridor Development

Six cross-border points are open to interstates of Indo-china region and China at present such as Chinese border network, Lao PDR border network (National Highway No.8, No.9, No.12, No.19) and Cambodia border network.

In order to formulate international transportation of passenger and goods, Regional Agreements between Vietnam and neighboring countries for the Central Region are described as follows.

- Convention on statue on freedom of transit with Lao PDR, Thailand
- Convention on transit trade of land-locked states with Lao PDR

At the Vietnam-Lao PDR border, traffic volume has become larger since road transport was more alleviated in comparison with other neighboring countries (China and Cambodia). Quang Tri province has one of the most important inter-regional road networks, National Highway No.9. It is a part of the East-West Corridor. The national highway No.9 is under way to widen and improve it while two industrial parks are under-construction along this road in conjunction with boarder trade development.

Table 6.1.5 Cross-border Road Traffic by Vietnamese Vehicles with Lao PDR

	1995	1996	1997	1998
Passengers	66,823	68,549	55,649	118,376
In which state owned company	11,519	14,007	16,722	10,818
Freight (Ton-km)	28,850*	45,510*	60,649*	57,734*

Note: * Figures indicate number of state-owned enterprises only.
Source: The Study on the National Transport Development Strategy in Vietnam, JICA

6.1.3 Railway

Vietnam Railway (VR) as an independent SOE under the MOT, has about 2,600 route-km of railway network that are single track composed of two type of gauge (1,000 mm, 1,435 mm). It is difficult to seed up and trail heavy freights due to many curves and steep grades. Hanoi-Saigon line has many curves with small radius, train speed is kept low. Hanoi-Saigon line has been adopted by a token or semi-automatic blocking system with 10 digital electronic switchboards equipment and an electric control center in Vinh station.

Passenger Train

Passenger trains in the Central region are operated as a part of Hanoi-Saigon line. However, the average speed of it is comparatively low due to a slowdown at sharp carves, bridges, tunnels, and switches, especially, in the section of Hai Van pass.

Table 6.1.6 Number of Passenger Trains

Region	Station	Passengers per day	Station	Province	Length (km)	Average Speed (km/h)	Time (hours)
	Hanoi	4,523	Nam Dinh	NAM HA	-		
North	Nam Dinh	3,951	Thanh Hoa	THANH HOA	175		
	Thanh Hoa	3,667	Vinh	NGHE AN	319	23	
	Vinh	3,202	Thuan Ly	QUANG BINH	522		
	Thuan Ly	2,942	Hue	TTHUE	688		
	Hue	3,438	Da Nang	DA NANG	791		7.1
	Da Nang	2,939	Quang Ngai	QUANG NGAI	-		
	Quang Ngai	2,759	Dieu Tri	BINH DINH	1,096	50	
Central	Dieu Tri	3,012	Nha Trang	KHAN HOA	1,316		
	Nha Trang	3,331	Thap Cham	NINH THUAN	-		
	Thap Cham	3,321	Muong Man	BINH THUAN	1,552		
	Muong Man	3,328	Saigon	HCM	1,726		33.8

Source: The Study on the National Transport Development Strategy in Vietnam, JICA

Tourist train

While sometimes even slower than other land transportation such as buses and cars, the trains offer relaxing way to get some major tourist sites. VR has been rapidly upgrading the facilities to accommodate tourists with air-conditioned sleeping berths as luxury classes. (5 classes as Hard Seat, Soft Seat, Hard Sleeper and Soft Sleeper with air-condition)

At present, some companies run services offer up-market train service between Hanoi-Saigon and Hanoi-Sapa by Victoria Hotels and Resorts and Hanoi Railway

Tourist Service Company in cooperation with VR.

Table 6.1.7 Major Tourism Trains

Destination	Schedule	Time	Operation	Notes
Hanoi-Sapa	3/week	10hrs	Victoria Hotels and Resorts	Restaurant coach, sleeping coach with air-con
Da Nang-Hue	NA	NA	Hanoi Railway Tourist Service Company	Restaurant coach, sleeping coach with air-con

Source: JICA Study Team

6.1.4 Ports and Water Transportation

Sea Ports

There are 6 commercial and industrial ports and others in the Central Region. The ports managed by several authorities such as VINAMARINE, VINALINES, provincial governmental authorities, SOE and others function general trade port including material import-export, cargo and passenger port. The following table shows functions and statistical data of each major port.

Table 6.1.8 Major Sea Ports in Vietnam

Tourism Region	Port Name	Major role	Operation	Cargo-ton (000)	Cruise Passen-ger
North	1.Quang Ninh	Import/Export port	VINALINES	1,011	72,304
	2.Hai Phong	Import/Export port (general-cargo)		5,442	1,671
	3.Nghe An	Import/Export port	Local Gov.	474	NA
Central Region	1.Thua An	Local port	Local Gov.	NA	0
	2.Chan May	Under construction	-	-	-
	3.Da Nang	Import/Export port	VINALINES	829	57,477
	4.Dung Quat	-	-	-	-
	5.Quy Nhon	Import/Export port	VINAMARINE	954	450
	(VINASHIN)	Dock port JV with HYUNDAI	VINASHIN	-	-
	6.Nha Trang	Import/Export port	VINAMARINE	485	3,206
	(Cam Ranh)	Naval base operated by Russia	-	-	-
South	1.Saigon	Import/Export port (agriculture)	VINALINES	7,700	18,887
	2.Vung Tau	-	-	NA	NA
	3.Can Tho	Export port (cultivation)	VINALINES	332	NA

Note: Figures of cargo are in 1998, VINAMARINE = Vietnam National Maritime Bureau, VINASHIN = Vietnam Shipbuilding Industry Corporation, Figures of cruise passenger are international passengers in 2000.
Source: Ministry of Transport, The Study on the National Transport Development Strategy in Vietnam, JICA

Cruise operation

The international cruise is also one of the important market sources in the Central Region. Several international cruise-ship companies operate cruise programs visiting Vietnam such as HCMC, Nha Trang, Da Nang, Halong Bay. Halong Bay as the top international cruise port received 72,304 international passengers mainly from China, while 57,477 passengers of cruise ships visited Da Nang port as the second rank in 2000.

However it is necessary to concern generally that cruise tourism would not contribute so much to the regional economy in comparison with other tourism activities owing to self-sustained tourism services on the board of the cruise ship including accommodation, canteen and entertainment, etc.

Port development and program

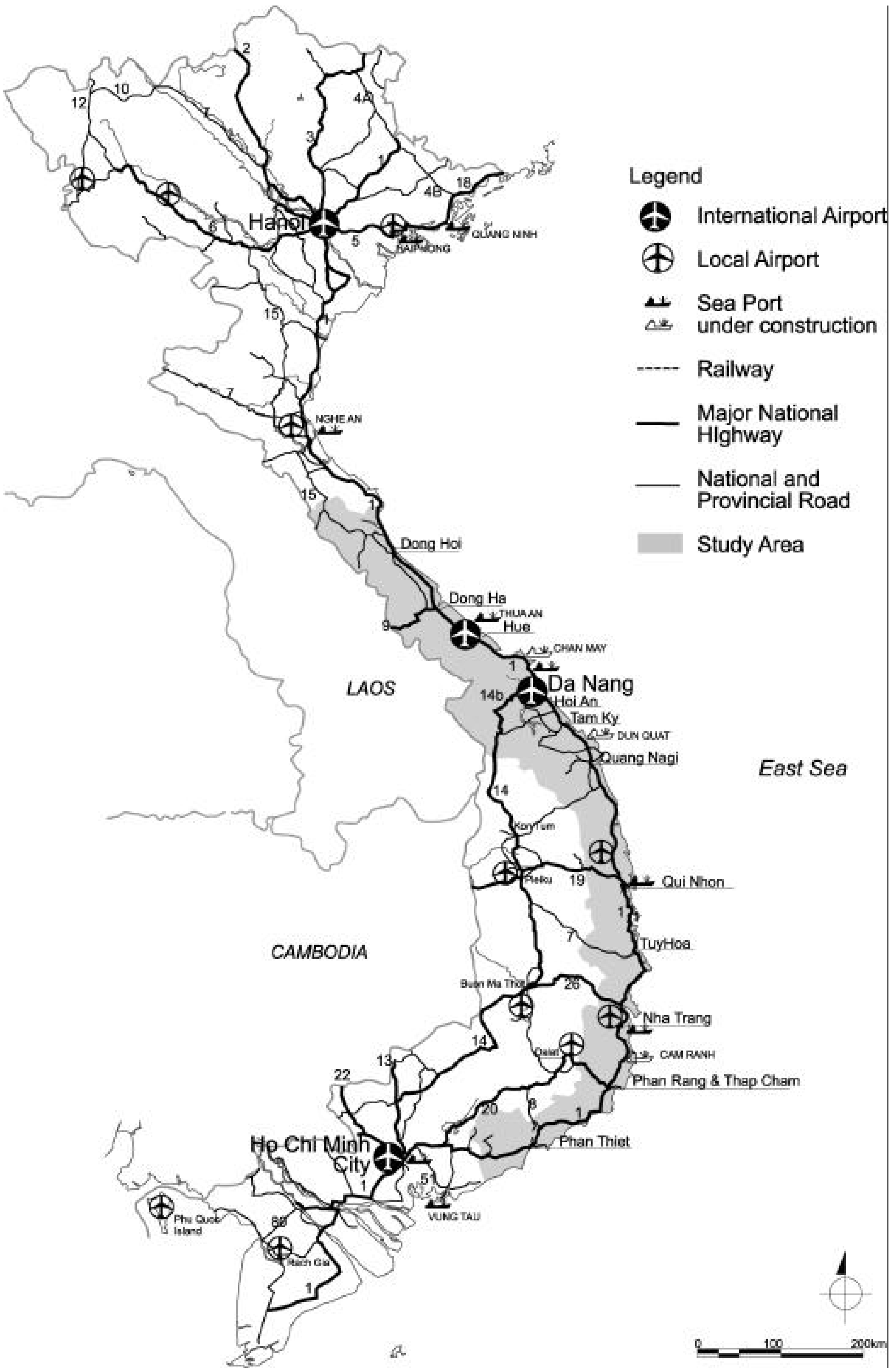
Owing to insufficient conditions such as the lack of capacity to handle the cargo demand and larger vessels due to limited land area and problems of sediment, shallow port depth, several seaports has been required to improve and develop as rehabilitation projects. The followings show one of the projects. Some provinces such as Da Nang city have improved port facilities or have plans to improve port facilities in order to accommodate cruise ships from abroad including terminal facilities and others.

Table 6.1.9 Major port projects in Vietnam

Name of Port	Project Name	Cost (US$)	Agencies in charge
Cai Lan	Cai Lan Port Expansion Project	78.4 million	MOTC
Hai Phong	Hai Phong Port Rehabilitation Project	35.6 million	VINAMARINE

Note: MOTC = Ministry of Transportation and Communication
Source:Development Cooperation of VIET NAM 2000/UND

Figure 6.1.6 Transport network in Vietnam



Source: JICA Study Team

6.2 Utilities

Public utilities such as systems of water supply, power supply, and telecommunication are basic factors to develop tourism, and furthermore, they should be provided by each sector.

Thus, they are needed to maintain and improve properly. Specific targets in improvement/development of public utilities shall be discussed with relevant organizations under the national development plan and the regional development plans, and formulated in the master plan for tourism development.

6.2.1 Water Supply

Water supply companies (WSCs) in the cities, towns, or other at provincial level are responsible for operating and maintaining water supply facilities. They are controlled by the Provincial Peoples' Committees (PPC) in terms of finance, and by the Provincial Department of Construction (PDC), the Provincial Department of Transportation (PDT), or the Transport and Urban Public Works Services (TUPWS) in terms of technology. Water user tariffs are approved by the Peoples' Committees. In general, WSCs supply piped water to each town or district, but in several big cities, WSCs operate water supply in smaller towns within the same province.

The former Ministry of Water Resources (MWR: now the Ministry of Agriculture and Rural Development Ministry) takes responsibility for allocating surface water resources, and maintaining the network of monitoring stations, including sampling of surface water quality and quantity.

UNICEF is a major donor financing for rural water supply schemes, and its schemes are being implemented through the district or commune People's Committees.

Water supply in urban area

In provinces of the study area, major issues in urban water supply for tourism are as follows:

- To widen the coverage of "Safe" piped water supply; and
- To ensure per capita water consumption criteria with provision of suitable quality. In order to bolster development of the tourism, water is also essential to be supplied sufficiently in terms of both quantity and quality.[1]

Water supply in rural area

Major issues of water supply for tourism in rural area are as follows:

- To widen the coverage of "Safe" water supply;
- To improve the existing water supply facilities; and
- To consider providing provisional safe groundwater.

[1] Source: Municipal and Industrial Water Supply and Disposal, May 1995, Asian Development Bank Report

Groundwater, especially water from shallow wells, tends to be contaminated easily with human and livestocks wastewater as well as industrial wastewater, etc. Moreover, groundwater is not inexhaustible. It is common to find wells dried up. In the light of fact, it is imperative to find alternative water resources, for example, changing from groundwater to surface water for provision of safe and stable water supply. Given the conditions, rural water supply for tourism should be taken into accounts in many ways.

Water supply in tourism resort

Targeted goal of water supply in resort sites is to ensure potable and safe water for tourists and local community as well. Major issues in resort water supply for tourism are as follows:

- To extend a minimum scale piped water; and
- To consider providing provisional safe groundwater.

Sources for water supply

At present, water sources for the locals are as follows:

- Household roof catchments with storage tank;
- Communal watering points (stand-pipes);
- Shallow well groundwater;
- Deep well groundwater; and
- Surface water.

A major issue currently facing the surface water in urban area is water pollution. It is caused by indiscriminate discharges of human wastes and by uncontrolled discharges of industrial wastewater contaminating physically or chemically.

Rural area has its own issue, which currently doesn't appear but still needed to be kept under review i.e. the contamination of surface water by agrochemicals.[2]

Present condition of piped water supply in the study area, is shown in Table 6.2.1. It is noted that per capita water consumption level is quite low.

It is recorded 12.2 liter/day/capita on average. Operation of surface water supply system is safest and easiest way, so all the tourism development areas should be covered with surface water supply system.

[2] Source: "Water Quality Water and the Environment" by Crooks, World Bank and Institute of Water Resources Management MAY 1995 Report

Table 6.2.1 Present Condition of Water Supply in the Study Area

Province/city	No of water supply company	Produced piped water (cu. m)		Population (1999)			Consumption (lit/day/100capita)
		Yearly (000)	Daily	Urban (000)	Rural (000)	Total (000)	
Quang Binh	1	1,089	2,980	86.0	707.9	793.9	375
Quang Tri	1	1,640	4,490	134.7	438.6	573.3	783
Thua Thien Hue	1	7,755	21,250	288.2	756.9	1,045.1	2,093
Da Nang	1	19,710	54,000	537.9	146.2	684.1	373
Quang Nam	1	13,009	35,640	195.9	1,176.5	1,372.4	2,597
Quang Ngai	1	3,210	8,790	130.5	1.059.5	1,190.0	739
Binh Dinh	1	4,958	13,580	350.6	1,110.5	1,461.1	929
Phu Yen	1	9,997	27,390	149.0	638.0	787.0	3,480
Khanh Hoa	1	1,080	2,960	375.0	656.3	1,031.3	287
Ninh Thuan	1	699	1,920	119.4	385.8	505.2	380
Binh Thuan	1	4,172	11,430	245.5	801.5	1,047.0	1,092
TOTAL	11	48,045	131,620	2,858.2	7,877.7	10,735.9	1,226
Hanoi	2	121,000	331,510	1,538.9	1,133.2	2,672.1	12,406
Ho Chi Minh	2	12,712	34,830	4,204.7	832.5	5,037.2	691

Source: JICA Study Team

6.2.2 Electric Power Supply

Vietnam Electricity Corporation (EVN) solely manages the entire power sector from generation to transmission and distribution of electricity throughout the country. There are 15 main power plants, 4 transmission companies and 7 power companies. Introduction of nuclear energy is being studied by MOI and MOSTE (VAEC)

At present, many coal-fired TPPs are located in the North while oil/gas-fired ones are located in the South. There are a lot of dams that play their roles in protecting from flood and reservoirs being used for water supply as well as for irrigation, etc. Total installed capacity as of the end 1999 was 5,680MW and its compostion by sources is shown in Table 6.2.2.

Table 6.2.2 Installed Capacity Structure, 1999

(Unit: MW)

	Hydro-power	Coal	Oil	Gas Turbine	Diesel	Total
Installed Capacity	2,826	645	573	1,247	389	5,680
Ratio (%)	49.8	11.4	10.1	22.0	6.8	100.0

Source:

<u>Present condition of Electric Power Supply in the Central Region</u>

Basically, electric power supplied in provinces of the study area is transmitted by a so-called North-South 500KV transmission line from the North to the Central at present, however, a new big hydropower plant located south-west of Da Nang has been put into operation for recent years. The electric grid has expanded in almost all urban areas. In rural areas, a new power supply grid should be considered to expand its service areas, as it is difficult to extend a distribution-line to areas far from the existing distribution-line. Moreover, initial construction cost is high. Present conditions of power supply in the study area is shown in Table 6.2.3.

Table 6.2.3 Present condition of Electric Power Supply in the Study Area

Province	District			Commune			Household		
	Total	Service	Ratio (%)	Total	Service	Ratio (%)	Total	Service	Ratio (%)
Quang Binh	6	6	100.0	136	113	83.1	157,246	129,804	82.5
Quang Tri	7	7	100.0	117	94	80.3	87,300	68,434	78.4
Thua Thien Hue	8	8	100.0	124	110	88.7	163,332	119,227	73.0
Da Nang	2	1	50.0	14	13	92.9	30,484	25,859	84.8
Quang Nam	12	11	91.7	193	130	67.4	285,857	207,018	72.4
Quang Ngai	12	11	91.7	163	110	67.5	281,527	182,715	64.9
Binh Dinh	6	6	100.0	86	69	80.2	131,837	94,865	72.0
Phu Yen	10	10	100.0	126	120	95.2	283,439	193,957	68.4
Khanh Hoa	7	6	85.7	108	108	100.0	135,834	121,579	89.5
Ninh Thuan	3	3	100.0	44	44	100.0	72,223	56,748	78.6
Binh Thuan	8	7	100.0	89	84	94.4	140,915	71,875	51.0
TOTAL	81	76	93.8	1,200	995	82.9	1,769,994	1,272,081	71.9
Hanoi	5	5	100.0	118	118	100.0	228,618	228,618	100.0
Ho Chi Minh	5	5	100.0	61	61	100.0	201,165	185,052	92.0
Whole Country	498	480	96.4	8,906	7,100	79.7	12,973,259	9,183,355	70.8

Source:

Electricity demands and major issues for tourism in the Central Region

Power demand in the Central region, including the study area, is just one fifth of that in the South Region, therefore construction of an electric grid serving solely for the Central is hard to get benefit from developing large-scale power plants. Thus, candidate sites for hydropower plants tend to be located from Da Nang southwards. Electricity produced by these power plants would be expected to transmit to the South region, which represent heavy demand for electricity, thus an interconnection grid between the Central and the South can be beneficial. The government is launching a so-called rural electrification program that is expected to alleviate the poverty and enable 70% and 90% of households to access to electricity supply by 2000 and 2010, respectively. Therefore, major issues in power supply are not found out at the moment.

6.2.3 Telecommunication

Telecommunications service in Vietnam has ripen noticeable achievements in recent years, especially in terms of the availability of modern basic service and cellular service. Vietnam Posts and Telecommunications Corporation (VNPT) is dominating the sector, and it is involving in most activities and enterprises, including those have been set up to create a modicum of competition in the sector. There is a proliferation of state-owned companies in almost every telecom activity. Progress in accessing to land lines as well as mobile phone services has been improving and the number of land line users increased from 0.4 units per capita to 2.1 units in 1998; and the number of cellular subscribers recorded a sharp increase from 15,000 in 1995 to 225,000 in 1998.

Major issues of telecommunication for tourism in the study area are as follows:

- To increase telephone wires and boxes
- To widen the coverage of mobile phone

In the study area, the diffusion of telephone by capita is shown in Table 6.2.4.

Table 6.2.4 Number of telephones in period 1997/1998 by Province

Province	Population (thousand person)			No of Telephones	Diffusion/ 100 capita
	Urban	Rural	Total		
Quang Binh	86.0	707.9	793.9	10,459	1.3
Quang Tri	134.7	438.6	573.3	11.397	2.0
Thua Thien Hue	288.2	756.9	1,045.1	22,622	2.2
Da Nang	537.9	146.2	684.1	31,608	4.6
Quang Nam	195.9	1,176.5	1,372.4	11,052	0.8
Quang Ngai	130.5	1,059.5	1,190.0	17,034	1.4
Binh Dinh	350.6	1,110.5	1,461.1	26,823	1.8
Phu Yen	149.0	638.0	787.0	10,780	1.4
Khanh Hoa	375.0	656.3	1,031.3	29,163	2.8
Ninh Tnuan	119.4	385.8	505.2	11,213	2.2
Binh Thuan	245.5	801.5	1,047.0	22,597	2.2
Total	2,858.2	7,877.7	10,735.9	204,748	1.9
Hanoi	1,336.7	1,335.4	2,672.1	295,007	11.0
Ho Chi Minh City	2,424.4	2,612.8	5,037.2	454,140	9.0

Source:

6.3 Environment and sanitary infrastructure (Drainage and Sewerage, Solid Waste Management)

To restrain pollution in the study area, sanitary infrastructure facilities such as drainage system and waste disposal system should be provided by the public sector. For this end, the public sector is expected to develop the following facilities under a centralized system in parallel with tourism development. Major issues concerning development of environment and sanitary infrastructure namely how to begin constructing, and how to improve and/or improve facilities are needed to elaborate with relevant organizations and Provincial People’s Committees.

- Storm water and wastewater collection main route
- Centralized wastewater treatment facilities
- Storm water and wastewater discharging facilities
- Solid wastes collection system
- Landfill site, and
- Incinerate facilities

6.3.1 Drainage and sewerage

In general, almost all sewage works in the country are the ones of combined type, which handle both storm and wastewaters. In a few cases, mainly in new suburban areas, sanitary sewer systems and storm water drains have been provided separately. Mentioned above new system will be expanded gradually in Vietnam.

<u>Drainage</u>

In this study, the term “drainage” covers facilities for storm water and treated wastewater. Storm water discharges into rivers, canals, lakes, sea, etc., through drainage systems.

Major issues of drainage for tourism in the study area are as follows:

- Construct new drainage facilities for primary job of the existing drainage

systems
- Improve function of the existing drainage
- Maintain such facilities as ditch (dike), sump, pipe, inlet, outlet, etc.
- Keep them clean and protect them from solid waste.

In the Provincial Towns Water Supply Project financed by ADB, Provincial People's Committees (PPCs) and municipal officials placed a high priority on improving the drainage systems of the towns surveyed. Especially, in towns those are expected to attract tourism trade (e.g. Nha Trang) there is a great awareness of the need for rehabilitation of the drainage canals and storm drains.[3]

Sewerage

At present, most human wastewater, which is from toilets, kitchens and bathrooms, is discharged into ditches, street gutters and other forms of open drainage.

Septic tanks are typically used in urban areas with private houses, one or more high-rise apartments, shops, office buildings, public facilities, etc. However, the big problem is that untreated wastewater overflow from the septic tanks due to periodical floods or overloading create serious pollution for drinking water.

Major issues of sewerage for tourism in the study area are as follows:

- Expansion of the coverage of sewer systems in urban area
- Diffusion of such facilities as more efficient septic tanks, small-scale treatment plants and oxidation pond, etc. in rural/resort area.
- Management of public toilets in rural/resort area

6.3.2 Solid waste management

In general, urban solid wastes are collected and dumped by Urban Management Units (UMUs) which are established by the Peoples' Committee of the province or municipality, in controlled sites, however, some of the remaining wastes are dumped to ponds, lakes and low-lying areas in and around the city. Serious health problems result from those wastes.

As many rural areas, the individual household has its own waste pit and a fire place for incineration.

Major issues of solid waste management for tourism in the study area are as follows:

- Establish the collecting and disposal system
- Reduce the quantity of solid wastes
- Establish the landfill system
- Introduce incinerate facilities
- Set many trashes in urban, rural and resort area

[3] Source: "Water Quality Water and the Environment" by Crooks, World Bank and Institute of Water Resources Management MAY 1995 Report