

Protected Areas and Tourism in Lao PDR

Policy Note



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Cover photo is Kuangsi waterfall, Luang Prabang. Photo credit: Adri Berger for Forest Carbon Partnership Facility
Aerial view of Hin Nam No National Park. Photo credit: Ryan De Boodt/GIZ.

Protected Areas and Tourism in Lao PDR

Conservation and tourism contribute to greener economic growth in many countries.

Although protected areas have often been viewed as land excluded from economic development for the purposes of environmental conservation, many countries have realized their powerful economic potential through tourism and visitation. In fact, tourism has been an integral part of protected area management since the beginning of their conception. If appropriate policy and technical capacity are established, most protected area professionals argue that both ecosystem protection and tourism development can be implemented concurrently without undermining the objectives of either activity. Lao PDR policy makers have recognized the economic potential of protected areas and seek to develop these sites as a focus of the National Socio-Economic Development Plan 2021-2025 and the 2030 National Green Growth Strategy, given the globally unique natural heritage of Lao PDR.



Irrawaddy Dolphins in the Mekong River.

Protected areas can deliver a wide variety of direct and indirect economic benefits.

Protected areas have demonstrated the ability to increase government revenues, promote better rural infrastructure, stimulate new tourism enterprises, promote economic diversification and resilience, encourage the local manufacture of goods and services, generate local tax revenues, provide disaster risk reduction, improve water quality and availability, and provide other ecosystem services important for sustaining life. Due to protected areas often being established in remote areas with high poverty rates and low agricultural production, they can often drive economic growth and reduce poverty

in places with few other options, while also reducing risks to sustainable growth and enhancing quality of life.

- Tourism was responsible for decreased poverty rates in Costa Rica (-10%) and Thailand (-30%) in villages within or close to protected areas.¹ In both countries these protected areas systems have also reduced deforestation and protected threatened species. In China, nature-based tourism in protected areas was credited with raising 4,654 villages above the poverty line over a 20-year period.²
- In 2015, researchers estimated that protected areas globally received 8 billion visits and generated US\$600 billion of tourism expenditures, in contrast to only US\$10 billion being spent protecting them.³ Growth in demand is increasing across the world. In China, visitors and revenue from protected areas increased annually by 20% and 43% respectively from 2000 to 2009 (despite the SARS outbreak). By 2009, there were 333 million annual visits to protected areas in China (mostly domestic visits), generating almost US\$3 billion in spending and creating 1 million jobs.⁴
- In India, nature-based tourism in protected areas has grown by an annual average of 15% from 2002 to 2008.⁵ As an illustrative example, Corbett National Park is one of the most famous protected areas with high tiger densities, diverse bird populations, and stunning landscape scenery. But in 2000, it was having difficulties with basic operational financing, so a US\$2 per night fee was implemented and US\$20,000 of revenue was generated that was retained by the park for investing in tourism. In 2005, these fees were doubled, park revenues increased to US\$75,000, and 50 additional local youths were hired. The improved facilities and infrastructure that followed is then credited with leading to a threefold increase in tourism from 2005 to 2009 providing US\$1.5 million in park revenues.⁶ More broadly in India, nature-based tourism (NBT) revenues earned only through entry fees at 10 tiger reserves ranged from nearly US\$7000 to over US\$300,000. In contrast, most Lao protected areas currently operate on annual budgets of approximately US\$5,000.
- An on-going US\$46 million sustainable landscapes operation financed by the World Bank in Mozambique led to tourism-derived income of US\$3.2 million which was returned to community, and created 1,549 tourism jobs. Meanwhile, next door in Zambia, South Luangwa National Park is doubling household income. The closer that households live to the park entrance, the higher their income on average.

¹ Andam et al. 2010. Protected areas reduced poverty in Costa Rica and Thailand. PNAS 107(22): 9996-10001

² Wang et al. 2012. National park development in China: conservation or commercialization. AMBIO 41: 247-261.

³ Balmford, et al. 2015. Walk on the wild side: estimating the global magnitude of visits to protected areas. PLOS Biology 13(2): e1002074

⁴ Wang et al.

⁵ K. K. Karanth and R. DeFries. 2010. Wildlife tourists in India's emerging economy: potential for a conservation constituency? Oryx 46(3): 382-390.

⁶ Leung, Y.-F., et al. 2018. Tourism and visitor management in protected areas: guidelines towards sustainability. Best Practice Protected Area Guidelines Series No. 27, Gland, Switzerland.

Tourism jobs are inclusive and sustainable jobs. Not only does tourism in and around protected areas provide employment opportunities to youth and ethnic peoples, but tourism is also one of the few sectors with high female labor participation above parity (including in Indonesia, Malaysia, Philippines and Thailand).⁷ Many jobs in protected area management and tourism operations often do not require high levels of education, providing lower barriers to acquire employment for poor communities with properly supported with policy and regulations. Furthermore, these jobs and incomes can often be more sustainable than those in mining or timber activities due to boom and bust cycles from extractive industries. Finally, tourism jobs are often safer than comparable extractive jobs.

Mature protected area tourism can be a major pillar of the economy across countries.

In countries with well-established protected area tourism marketing and products, the results can be even more striking. In Tanzania, tourism accounts for nearly 10% of the GDP in 2015 (equivalent to US\$4 billion) and provides well-paid jobs to over 400,000 people.⁸ Tourism represents the overwhelming majority of foreign exchange sources and hence, has impacts throughout the entire economy. In the USA in 2016, 333 million visitors to national parks spent an estimated US\$18 billion in gateway regions, and contributed about US \$35 billion in total to the economy.⁹

⁷ World Bank Group. 2018. Supporting sustainable livelihoods through wildlife tourism. The World Bank Group: Washington D.C.

⁸ World Bank Group. 2015. Tanzania's tourism futures: harnessing natural assets. The World Bank Group: Washington, D.C.

⁹ C. Thomas and L. Koontz. 2017. 2016 national park visitor spending effects: economic contributions to local communities, states, and the nation. U.S. Department of the Interior: Fort Collins, Colorado



Tad Xay waterfall in Phou Khao Khuay National Protected Area. Photo credit: Arturo Bolondi

The demand for all types of nature tourism, particularly adventure tourism and wildlife tourism, is predicted to expand rapidly around the world over the next two decades.¹⁰

Drivers of wildlife tourism demand include people's interest in wildlife, the wish to escape cities and relax in natural settings, and demand among tourists—particularly millennials—to seek new and authentic experiences.

Current Status of Protected Areas in Lao PDR

Despite progress in poverty reduction, many Lao citizens remain poor and dependent on natural resources in protected areas for income and nutrition. This is especially relevant for the ethnic and rural communities where the overwhelming majority of the population is reliant on natural resources for food security and income opportunities. For example, villagers in and around Nam Et-Phou Louey National Park (NEPL NP) acquired 67% of their animal protein from wild sources.¹¹ In rural areas, non-timber forest products (NTFPs) contribute between 30-70% of income for forest-dependent households. With a high degree of dependence on protected area natural resources and increasing populations, there is a risk that depletion and further degradation of these resources could accelerate.

In the global context, Lao PDR supports internationally significant biodiversity with habitat landscape integrity. The management of the Lao protected area system should prioritize the most significant areas for biodiversity conservation, particularly those with international significance. Three ecosystems are internationally outstanding:

- The wet evergreen forest ecosystem in the Annamites bordering Vietnam – from Xieng Khouang Province to Xekong Province - arguably has the highest significance for biological diversity by a wide margin. The most important areas of wet evergreen forest comprise Nakai-Nam Theun National Park, Khouan Xe Nongma Provincial Conservation Forest, Laving Laverne NPA, Xe Sap NPA and the forested areas in Kaleun District to the south of Xe Sap NPA. This would not only include habitat for species like elephants, gaur and civets, but also species a plethora of species unique to the ecoregion such as Saola, Giant Muntjac, and Annamite Striped Rabbit.
- The massive karst formations of Central Lao, best represented in Hin Nam No National Park and Phou Hin Poun NPA in Khammouane. This would include the ranges of Lao Langur and Kha-nyou (otherwise called the Lao Rock Rat).

¹⁰ World Bank Group. 2018.

¹¹ Johnson, et. al. 2010. Finding the linkages between wildlife management and household food consumption in the uplands of Lao People's Democratic Republic: a case study from Nam Et – Phou Louey. USAID-Wildlife Conservation Society Study.

- The montane forest ecosystem occurring in the Greater Annamites occurring in the higher elevations of Lao PDR's mountains. The most important montane areas are those on the border with Vietnam in Xieng Khouang Province and those to the south of Xe Sap NPA in Xe Kong Province. Montane forests generally have higher species uniqueness compared to lowland forests, and more research is required in Lao PDR.

These three priority ecosystems are partially represented within the three national parks and 20 national protected areas (NPAs or conservation forests) nominally protecting 15 % of the total land area (38,000 km²), although some notable gaps still remain. Several sites warrant assessment and probable nomination as natural World Heritage Sites.

Protected areas in Lao PDR have generally suffered from widespread deforestation, badly planned infrastructure, and intense hunting or poaching pressures on the protected areas which undermines the value of the landscape. Currently the policy, institutional arrangements, financing, and capacity of protected area staff do not allow the Lao PDR to harness the potential for economic growth, job and income generation, and biodiversity protection.

The Lao Government is determined to improve the management of protected areas and are planning to declare new “national parks” that would explicitly prioritize nature-based tourism. In February 2019, Lao PDR's first two national parks were declared: Nakai Nam Theun and Nam Et – Phou Louey. Hin Nam No National Park was designated in January 2020, with more expected to follow soon. Currently the Protected Areas Management Division (PAMD) under the Department of Forestry of the Ministry of Agriculture and Forestry (MAF) is responsible for the management of protected areas. The Lao National Tourism Association (under the Ministry of Information, Culture and Tourism) also has legal responsibilities to promote tourism in protected areas.

The primary constraints affecting the effectiveness of the entire protected area system are:

- **Unclear Status in Lao Policy:** Although 18 of the national protected areas (NPAs) were established in 1993, the institutional arrangements and management standards in 2019 still remain unclear for some, although institutional reforms are underway. The overwhelming majority of the NPAs appear to be insufficiently linked institutionally, socially, and economically with any level of government. When a national protected area head is appointed, he/she has no government seal allowing him/her to make consequential decisions. When a National Protected Area Management Office has low authority and no seal, respect is not given by other agencies, inhibiting coordination,

planning, financing, monitoring, and implementation.

- **Decentralization of Management:** Following decentralized reforms in 2000, management responsibility for protected areas was transferred to the provinces and districts. These local governments were often unable to dedicate the staff required to manage these areas. A small unit of staff under the management of provincial authorities - (a) require upgrading a diverse range of skills to provide meaningful supervision, and (b) need to upgrade their technical capacities to be able to explain complex landscape or ecosystem management systems to their superiors and Provincial Governors. Furthermore, once one or two senior provincial/local staff retire from office or get transferred, the entire technical support system for a National Protected Area gets removed in a province and may fall into inexperienced hands.
- **Financing is inadequate and mostly subsidized:** With exception of protected areas supported by periodic international donor projects, financial resources for protected areas have been some of the lowest in the world on a dollar per hectare basis. Many protected areas are provided between US\$1,000 and US\$5,000 per year of government budget; a few have no budget. Even if resources are unavailable from government sources, no other alternative financing models have been deployed (e.g. private sector or NGO management).



Given these underlying constraints, it is understandable that the protected area system has so far been unable to build its policy, technical capacity, and leadership in protected area tourism. Qualified staff dedicated to tourism have not been part of the national authority responsible for protected areas. The Lao National Tourism Association has also generally not marketed the protected areas of Lao PDR, but in fairness has not had very much to market on Lao protected areas, as they've not been managed to promote visitation. Protected areas tend to have minimal tourism offerings, infrastructure, accommodation, and information.

The Department of Forestry under the Ministry of Agriculture and Forestry has the mandate to directly supervise most of the national protected area system. This centralization of national park management requires the manpower of the PAMD to develop specialized skill-sets in park management, including tourism and visitor experience. The staff of the anticipated Tourism Section of PAMD will need to have skill sets to supervise the individual Tourism Units found within the national park themselves, who might have the following accountabilities:

- Establish and coordinate a protected area tourism stakeholders' working group that allows private tour companies, service providers and hotels, village representatives as well as tourism officials to agree on how best to develop and promote the National Protected Area and discuss issues related to tourism and conservation in the protected area.
- Co-ordinate with the Department of Forestry and other government agencies regarding opportunities to convene capacity building activities for both tourism staff members, villagers and the private sector.
- Conduct inventories of tourism sites within the protected area. These field surveys may be conducted in partnership with the private sector and experienced tourism professionals to identify tourism attractions, recreation opportunities and appropriate recreation activities, including "tourism products".
- Propose controlled use zones for tourism sites, which will need to be approved by the National Protected Area Steering Committee and the Department of Forestry.
- Lead the development of tourism management plans, in collaboration with the Protected Area Tourism Stakeholders' Working Group and linking to the private sector.
- Collect entrance fees and other tourism fees to the protected area.

- Reporting total visitors and park revenue annually to the National Protected Area Steering Committee, and the Department of Forestry.
- Evaluate tourism concession and private sector investment proposals in close consultation with by the National Protected Area Steering Committee and the Department of Forestry.
- Review and monitor tourism infrastructure inside the protected area, following relevant environmental impact regulations.
- Hold regular meetings with tourism villages, as appropriate.
- Maintain & update information boards inside the protected area.
- Maintain a protected area website in consultation with the Department of Forestry.
- Provide contributions regarding tourism developing to the five-year National protected area management plan based on the tourism strategy and action plan. Develop monthly, quarterly and annual work plans for tourism activities based on the 5-year management plan and tourism strategy.

Considering that there is limited history of Lao government-led protected area tourism planning, development, management, or monitoring, there are significant capacity and policy gaps that need to be methodically filled following a strategic plan involving national, provincial and local governments, tourism and other service providers and associations, relevant NGOs, the scientific community, local communities including minority groups inside PAs, and relevant PA user associations. Furthermore, this list does not include key protected area management functions in many other countries, such as solid waste management services. For example, during New Year's weekend 2016, it is estimated the Khao Yai National Park in Thailand received 150,000 visitors that left behind 23 tonnes of waste behind that had to be handled by the protected area.

Critical Needs of Protected Areas to Boost Tourism

Tourism must be properly planned, developed and marketed to target consumers, minimizing social and environmental impacts. Given that a basic principle of nature-based tourism development is that experiences are dependent on the attributes of the area and the values contained within it, competent management is essential not only to protect the area but to promote appropriate tourism as well. Effective planning, management skills, technology use, and stakeholder collaboration are required to

deliver tourism's economic and development benefits while minimizing potential adverse environmental and social impacts. New technologies such as travel booking websites, social media marketing, and mobile apps give local communities and entrepreneurs opportunities to connect directly with consumers. Still, communities need greater access to, understanding of, and capability with these tools to fully leverage their power. Adaptive management techniques with ongoing monitoring are valuable for helping local communities engage, manage growth, optimize benefit sharing, and better understand limitations.

One key factor in influencing the sustainability of wildlife tourism is ensuring that local communities benefit from tourism activities. Communities who live adjacent to protected areas often rely on these habitats for forest products, firewood, thatching, grazing, and spiritual values, and they may have customary rights related to the natural resources. Community apathy, disengagement, or hostility can cause tourism initiatives to fail; conversely, where communities are engaged and benefiting, tourism can be a win-win.





Xe Bang Fai cave, Hin Nam No National Park. Photo credit: Ryan De Boedt/GIZ.

If Lao PDR genuinely wants to grow a green rural economy and derive benefits from the growing nature-based tourism demand, the following actions could be considered:

1) Centralized National Park authority with clear mandate

- Continue to build a core body of professionalized staff within the Department of Forestry who contain a complex mix of technical, management, and planning skills, including nature-based tourism, private sector partnerships and coordination, and financing.
- Staff need to be retained at all levels – national, and local NP/NPA units – so their core competency skills can be developed over the long-term and should only be rotated to other national park units (not to other divisions within the ministry). Although the staff report to the national level, many will need to be deployed to the NPAs/NPs in the field.
- National parks need to have clear authority over their protected lands with a national government seal. In most national parks in other parts of the world, the national agency has near-complete authority over all lands and water within their boundaries. Other national ministries, provinces and districts need to secure permission from the national park before any activities can be conducted within national park boundaries.

Usually these processes are supported by multi-agency and multi-stakeholder coalitions.

- Leaving the staffing of national parks to the provinces and districts has been an ineffective approach in Lao PDR or other regional countries. China had a similar approach of local government management of “national parks,” but found this system to underperform in protecting the natural assets. In response, in 2013, China established a new national park agency with centralized and clear management authority over new national parks and accompanied by permanent staff and sustainable funding streams.

2) Policy, guidelines, and capacity building for promoting sustainable tourism

- national park and protected area management and planning guidelines should be prepared along with technical field manuals, and Lao PDR has started this work. Capacity building for staff will need to be intensive, continuous, monitored, and specialized. Current capacity levels will need to be significantly upgraded systematically and continuously. This would be especially relevant with any technical skills related to tourism, including community outreach, private sector mobilization and monitoring, and ethnic peoples’ engagement. Performance-based contracts could be considered.
- The better these institutional skill sets are developed, the better the tourism product that can be offered to the public – ultimately increasing revenues, jobs, and foreign exchange.

3) Prioritized national park investment and financing plan

- Once national parks and high potential NPAs have been selected and prioritized for tourism development, detailed investment plans will be required. Building national park and surrounding areas’ tourism and operational infrastructure is expensive (e.g. roads, water supply, wastewater treatment, solid waste management, trails, operations headquarters, attractions, information, etc.). It also requires detailed, careful planning to ensure that the infrastructure is designed to transport thousands (or hundreds of thousands) of tourists from a variety of countries including Lao PDR itself -- without negatively impacting the natural environment, requiring strong technical planning skills and oversight of private sector contractors and operators.

- Given the size of national park infrastructure needs, investments will need to be properly sequenced as well in a long-term plan. Financing sources will also need to be clearly identified (e.g. tourism revenues, international donors, private sector, and maybe NGOs). For a developed national park system like Canada's, one of the largest and most professionally managed in the world, US\$20 billion of tourism and infrastructure assets are managed in 45 national parks. But developing countries are also increasingly managing parks well: Costa Rica is one of the most successful cases, relying on nature-based tourism in adequately budgeted parks as a key national development strategy. Thailand also has valuable lessons highly relevant for Lao PDR.

4) Managing environmental impacts for tourism

- As tourism visits increase, pollution will also need to be increasingly well managed. Global experience shows that tourists will not want to visit degraded or polluted areas. Once an area is perceived to be spoiled, it is difficult for that area to recover tourism visits in future.

5) Designating new sites and upgrading existing sites of international conservation value and high nature-based tourism potential as protected areas

- Three sites in the wet evergreen forests of the Annamites, namely Khouan Xe Nongma Provincial Protected Area (Khammouane), Nam Chat - Nam Pan Provincial Conservation Forest (Bolikhamxay) and the forests south of Xe Sap NPA in Kaleun district should be considered for designation as nationally important protected areas. The highest mountain peaks, including Phou Xai Lai Leng (2,700 m) and Phou Sam Soum (2,620 m) in Xieng Khouang Province, which protected montane forests, could also be designated as national protected areas.



Orchids in Phou Khao Khouay National Protected Area. Photo credit: Bertrand Laville.



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