

Assessment of the
Public-Private Partnership Project
GTZ-Exotissimo

The Akha Experience

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1. Introduction

In the first public-private partnership in tourism in Lao PDR, GTZ went into a partnership with the tour operator Exotissimo Travel in order to assist eight Akha villages in Muang Sing District to participate in the tourism business economy.

A three-day, two-night cultural trekking tour (*The Akha Experience*) was set up in which the eight participating Akha villages are business partners to the tour operator, selling their tour on a contractual basis to Exotissimo.

GTZ's involvement in this project was limited to a two year period, starting in August 2004, ending in July 2006.

GTZ worked as a mediator, facilitating the cooperation and work between villagers and company and GTZ provided many different trainings and awareness workshops in order to enable the villagers to provide good services and to carry on as an independent business partner after the involvement of GTZ is over.

The Akha Experience has been in operation for one year (October 2005 to September 2006) and GTZ is about to start tourism activities in other districts and provinces.

This makes it essential to look at the experiences of the past two years, at the PPP model and the partnership, at the achievements and lessons learnt.

2. The concept

2.1. The PPP approach

Public-Private-Partnership (PPP)/Community-Public-Private Partnership (CPPP)

Tourism is a private sector activity. By its very nature, tourism is a business and community-based tourism need not be considered any different. Communities and the tourism industry are mutually dependent on one another. It is rural village life and culture and the surrounding environment which are the main attractions for tourists. Tour operators hold the keys to the doors of global tourism network but they are also dependant on the villagers to provide an authentic cultural experience and genuine hospitality. With an atmosphere of ownership, authenticity, meaningful personal interaction and quality service, the tour operator is able to demand a good price for the experience. Villagers, however, lack the experience, knowledge and skills to manage and operate a tourism service business in all its aspects. Therefore, the villagers are dependant on others to provide training, guidance, marketing and the logistics to bring the tourists to them.

In this relationship between the villagers and the tour operators neither side possesses all the skills and resources to ensure a successful and sustainable operation. It requires a third party, the public sector, to facilitate a successful sustainable business partnership providing authenticity and quality to the tour operator and benefits and ownership to the villages.

The Public-Private Partnership (PPP) coupled with CBT offers such an opportunity for the community to access the potential of a global market while helping to minimize the negative impacts. Likewise it offers the opportunity to the tour company

to invest in an authentic village based tour program without having to develop all the skills in community development approaches. The CBT approach with PPP creates local ownership, jobs and sources of income, trains local personnel, and transfers business know-how and technology in a sustainable and participatory manner. It links and draws on the strengths of all three parties: the community, the private partner and the public sector.

2.2. Roles and Responsibilities of the different partners

2.2.1. Public Partner

GTZ with its government partners contributed their expertise and twelve-year experience in community development in Akha villages of Muang Sing District.

Working as a mediator between tour operator and villagers, GTZ took the responsibility of facilitating villagers' and company's needs and bringing both partners together.

Beyond facilitation, the main responsibility of GTZ consisted in enabling the villagers to make decisions on their own concerning all steps of setting up a tourism business and running it.

This was done by process of providing information, advice, tourism awareness workshops and technical trainings in hospitality, cooking and hygiene, housekeeping and management trainings. Crucial to this process was and is the education of guides who need to have skills and knowledge in various fields, including English language instruction.

Assisting the villagers in the construction of community lodges with technical as well as financial support was another duty of GTZ.

GTZ contributed advice in setting up a feedback and monitoring system and will continue to involve in capacity building for local government offices in following up the activities.

2.2.2. Private Partner

The tour operator Exotissimo was chosen as the private partner in this project due to its reputation as a Lao tour operator of high standard with a worldwide marketing network as well as its growing commitment to providing genuinely socially and environmentally responsible tours.

The company's focus is on the group tour market with organized treks.

Knowledgeable in their clients' tastes and preferences, it was the tour operator's task to come up with a possible design of the trekking tour, making sure that the product quality is made to international standard and that visitors of a wide range of ages and abilities are targeted.

Using their regular and existing channels Exotissimo is responsible for domestic and international marketing. It is the company who brings the tourists to Muang Sing and sets them up with the villagers. The tour is also sold locally in the company's Muang Sing office.

The company's relationship with the villages is as a business partner of equal rights and with mutual benefit.

To guarantee minimal cultural and environmental impacts Exotissimo has a local manager, Somachan, who liaises with the villagers and public sector.

At the same time this ensures that the tour operator does not remain an abstract entity for the villagers but is close to the communities, building trust between the partners and creating many opportunities for building and strengthening their relationship.

2.2.3. Villagers

It is eight Akha villages nestled in the foothills surrounding the Muang Sing plain which combine their efforts to offer *The Akha Experience* cultural trekking tour to tourists.

The villagers of these communities are not passive recipients of tourism. They are the owners of *The Akha Experience*, making all decisions (with support and advice from both private and public partners) concerning their operation by themselves. They own the two eco-lodges they constructed and are thus responsible to protect the guesthouses from damage and theft and have to take care of the cleanliness of the lodges, the facilities and the equipment.

The villagers invite tourists to spend three days in their communities, offering the guests to take part in Akha every-day life, explaining and showing traditions and customs. All people involved in the operation are from the eight respective villages, contributing to the partnership. They are the experts in authentic local knowledge about nature, traditions and culture and provide warmth, friendliness and hospitality. It is the villagers' responsibility to guarantee the quality of the tour and the smooth operation of the program.

- Village Representation and Decision Making

Each of the eight Akha villages is represented by two community members: the tourism managers who are in charge of all matters concerning tourism in their villages.

The managers are responsible for the coordination within the village, for the smooth operation of the tours and for the coordination with the company. In monthly management group meetings the managers get together with the company's local manager as well as the GTZ advisor (and occasionally local government representatives). In these meetings tourists' feedback is given to the villagers, the company raises current or pressing issues. The managers report about their feelings and experiences, discuss about problems and possible solutions. Important decisions are not taken on the spot but the information is taken by the managers to their respective villages for discussion on village level. Decision making includes the negotiations about the price for which the villagers will sell their tour to the tour operator.

The clearly defined responsibilities of the village managers ensure close and easy cooperation between company and villagers, direct communication and room for the necessary dialogue is institutionalized in the regular management meetings.

- Village Commitment and benefit distribution

Important for a successful operation is not only the commitment of the tour operator to partnership of equal rights, but also the commitment of the villagers.

Of course tourism is and should be only a complementary source of livelihood for the villagers. Due to this fact care must be taken that benefits from tourism are spread widely within the community and that the economic benefits are noticeable.

Otherwise villagers will lose interest, won't feel committed and the quality of the product will degrade in due course.

Looking at *The Akha Experience*, there is monetary benefit on household and on village level. Households receiving an income through the tour provide services like guiding, housekeeping, cooking, leading activities, producing a 'village gift', providing food, giving massages. In order to distribute these benefits to as many people as possible, the villagers decided to use a rotational system, giving each household the opportunity to provide the service and thus generate an income. The only permanent 'service providers' are the village managers.

Income for the entire communities is generated through a fee for the village development fund. The money collected in a donation box is split between the eight villages and added to their development fund.

An additional way for especially women to benefit from tourism is in producing handicrafts, which are sold in two small handicraft stores along the trek.

- The guides

During a trekking tour or any other meeting between local people and foreigners the guides are the most crucial part. They build a bridge between the two cultures, being able to communicate directly and passing on local knowledge to tourists, as well as informing them about the way they have to behave in order to not offend anyone. Villagers can use the guide as an intermediary to find out something about the lives of the tourists or their countries.

This is in contrast to the majority of tourism programs in Laos where the guides come from different ethnic groups as the visited people thus being outsiders themselves, with inexpert knowledge of the culture and traditions.

To avoid any conflict due to this issue, the guides of *The Akha Experience* come from the eight participating villages. These villagers have received an ongoing education and training in guiding, safety and most of all English language for more than one year.

During treks with tourists, one to two village-based Akha guides, depending on group size, lead the visitors inviting them to join Akha life for a short time in their own villages. The guides may be assisted by one national guide, who at this point is still essential due to the English language capabilities. During the Akha Experience this one guide is the only outsider involved in the tour!

The business relationship between the eight Akha villages and Exotissimo can be classified a win-win situation. Both parties generate income, thus having a great interest in the continuation of the tour, even after the active involvement of the public partner has ceased. But besides the fact that both parties profit, what are the key issues for a successful partnership between the communities and the tour operator.

2.3. Key issues

2.3.1. Cooperation agreement

In order to set clear roles and responsibilities and thus prevent misunderstandings between the partners and outsiders it is important to formalize the cooperation in a project like this.

A cooperation agreement between all stakeholders – the tour operator Exotissimo, the villagers, the Provincial Tourism Office (at the time of set-up there was no District Tourism Office yet) and GTZ, defining the objectives of the project and the rights and responsibilities of each partner was prepared.

The Akha Experience being the first CPPP in tourism in Laos, there was a great unease from official side regarding the involvement of the private sector on village level. The prevalent perception is that of a company exploiting villagers. Although government rules and regulations have no objection to these kinds of partnerships, all necessary approvals were present and the Lao government seeks for more private investments, this new form of cooperation caused many misunderstandings. In order to prevent these problems an agreement with all stakeholders is absolutely essential. After the extensive discussion about the contents and a change of the leadership of the Provincial Tourism Office (PTO) and the final signing of the document, problems dissolved.

2.3.2. *Contract between villagers and Exotissimo*

Formalizing the business partnership between communities and company is essential for empowering villagers.

A contract between the villagers and Exotissimo was discussed and with the signing of the contract the tour operator recognizes the villagers as a business partner of equal rights. Rights and responsibilities of each partner (like trip cancellation issues or the expected services provided) are determined.

The operation can be monitored according to this contract, ensuring that villagers cannot be exploited by a private company.

The contract between *The Akha Experience* and Exotissimo was heavily criticized for giving exclusive rights to Exotissimo and for the 15 year contract period. It seems that this criticism has its roots in the general mistrust in a private sector business, thinking that a company will not do anything that can be good for the villagers.

Looking at literature concerning community-private partnerships it is interesting to see that a long term, exclusive contract seems to be a success factor for this kind of projects (see Roe, D. et al and Heher,S.).

This can easily be explained. As mentioned above, a local community normally does not have all necessary capacity and skills to run their own tourism business. In a partnership with a private company who wants to sell the product to tourists the private company is very interested in setting and keeping a certain standard of quality. A company who has the exclusive rights to sell the product will take care that the quality is kept, thus it will invest in continuous trainings and follow up. In this way the villagers will be helped to gain skills and knowledge. If more than one company can sell the tour from the very beginning no one will feel responsible for working closely with the villagers. Communities need time in order to learn all necessary skills to run a tourism operation 100% on their own. Comparing *The Akha Experience* with other products, it seems that 15 years seems to be the standard length of contract between the two parties.

Of course, a long term exclusive right ensures that the company is able to earn back its monetary investment and make profit from the operation.

To ensure that the business partners are not tied to each other when later it turns out that one is unable to fulfill its obligations, for whatever reason, there should be an escape clause in the contract, giving the villagers (and the tour operator as well) the opportunity to end the partnership before the end of the contract (see Roe, D. et al, p.42).

In the case of *The Akha Experience* there is the obligation of the yearly negotiation of the tour price, meaning that the villagers, with improving their skills, can ask for a higher price. If the two partners cannot come to an agreement concerning the price, the villagers can terminate the contract. According to the contract, the tour operator is also obliged to offer the tour for sale at Muang Sing at all times, so that anyone, also other tour operators can book the tour on the spot.

3. The implementation process

The Akha Experience was set up in three phases:

a) Awareness raising phase

The first three months before starting with any activities were devoted to awareness raising. During this period many village meetings in the (future) eight participating villages took place. In these meetings tourism in general, possible tourism effects and the understanding of tourism of the villagers were discussed. Emphasis was placed on the impacts on local culture, explaining how different tourists' cultures are and that these tourists might bring new ideas and things to the villages.

Each of the villages had the chance to send two of their villagers on a study tour to a neighboring province, visiting villages (of the same ethnicity) which had already been involved in tourism activities by this time. They had time to discuss at length with the villagers, exchange experiences and see with their own eyes. Coming back to their own villages they had time to discuss issues among themselves before meeting again in village meetings with the GTZ/Exotissimo team. All eight villages decided that they wanted to give it a try.

b) Training and building phase

Trainings in English language, tourist guiding, medic first aid, hospitality, cooking and hygiene, housekeeping and management were conducted.

In many village meetings the villagers received information and suggestions, enabling them to deal with tourists.

During February to May 2005 two villages were supported in the construction of eco-lodges in traditional Akha style (with added comfort). At the same time trails were surveyed and if necessary improved or built.

In this phase responsible people in each village, the tourism managers, were chosen (by the villagers) and together with these 16 villagers the itinerary and activities of the trek were worked out.

c) Trail Treks

Starting in June 2005 various treks with tourists tried out the tour. The itinerary and activities were adjusted.

This phase ended in October 2005 with the signing of the official contract between the eight Akha villages and the tour operator, defining rights and responsibilities of each partner and setting the price for which the villagers sell the tour to the company.

4. Situation after one year of operation

4.1. Number of trips

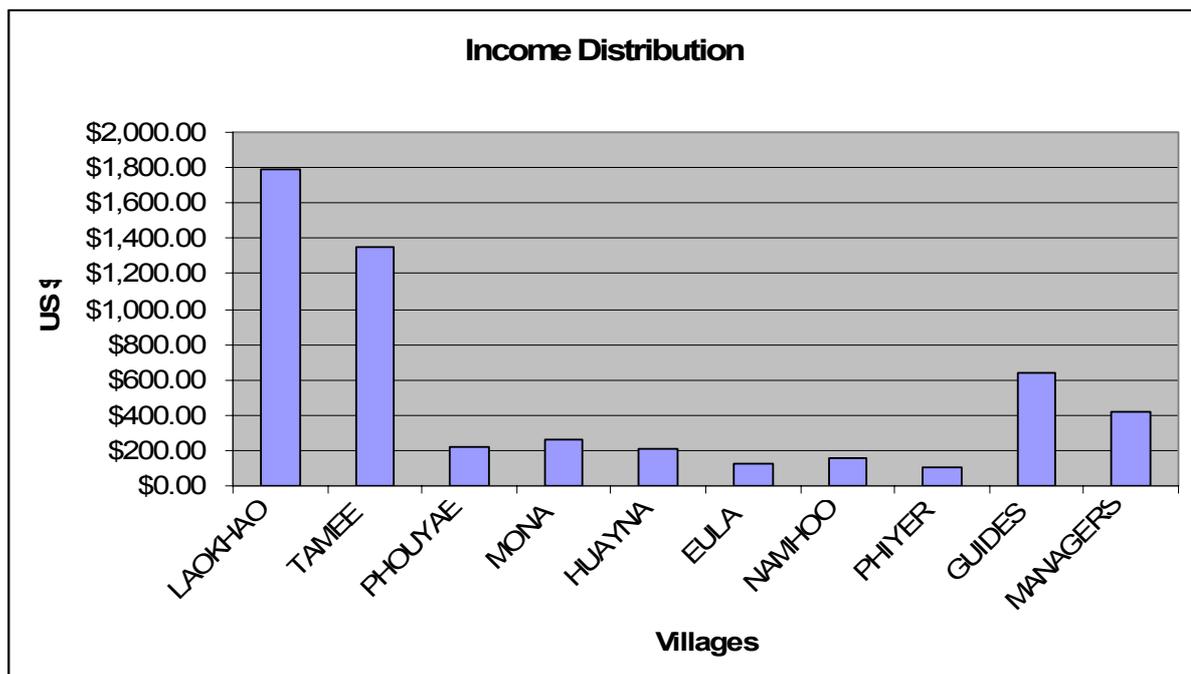
From October 2005 to September 2006 (inclusive) there have been a total of 47 trips. (27 three-day trips, 7 two-day trips, 12 one-day trips). With a total of 165 visitors.

- **19 trips** were booked through Exotissimo Vientiane, including the 7 FAM and journalist trips (so 12 trips with regular customers)
- **3 trips** were training tours for the guides and villagers where we managed to find some tourists to go along
- **3 trips** were study tours
 - 33 pax from Luang Namtha – villagers involved in Green Discovery Tours, Green Discovery Guides and staff, PTO officials, Provincial Forestry Office Officials.
 - 26 pax – the Eco-tourism task force team from the LNTA, including PTO, Forestry and National Protected Area officials from 5 different provinces.
 - 12 pax – PTO Luang Namtha with guides during the Muang Sing guide training.
- **17 trips** were sold in Muang Sing. Approximately 10 of these were booked through or by GTZ (official trips, friends, relatives or project staff)
- **5 trips** were booked through Green Discovery LNT.

4.2. Income for the villagers

For the first year of operation from October 2005 to September 2006 the eight villages had a total income of US \$ 5,285.

This income is spread quite unevenly among the villages. The graph shows the income distribution for the villages, the guides and the managers.



The highest income goes to the villages with the overnight lodges, Lao Khao taking the lead with an income of 1,793 USD. (The income of Lao Khao is higher than Tamee because villagers of Lao Kao provide lunch for the guests at the Nam Keo waterfall.) Tamee earned 1,347 USD.

Ban Eula (\$ 121) and Ban Phiyer (\$ 108) are the two villages with the lowest income, due to the fact that they don't provide any meals, only do activities with the tourists.

Before starting *The Akha Experience* it was discussed with the villagers that the income will not be the same for all villages. All villages understood and agreed. Up to now this is not a problem between the villages.

But looking at the very great income disparity this could become an issue for conflict in the future. It seems very difficult to change this, however.

Supplement (December 13, 2006): In November and December there have been a number of tours. Many were actually sold in the Muang Sing office, four trips came through Green Discovery and a few through Exotissimo Vientiane. The total income for the villagers increased to USD 8,881!

USD 406 were paid in tax. It has to be noted that the Muang Sing office only pays taxes for trips sold in Muang Sing. For trips coming through Green Discovery or Vientiane tax is paid in the respective location.

4.3. Skills and work of villagers

The villagers are responsible for providing services to tourist groups and ensuring a good quality and smooth tour for tourists.

The quality of services varies from village to village. This mainly depends on the strength and commitment of the tourism manager in the village. In general it can be said that the villagers try to do their best, but of course this is a learning process for them. Some services can and need to be improved. The villagers continuously have to be worked with.

4.3.1. Guides

Out of the 16 villagers who took part in the guide training there are now six remaining.

(2 from Lao Kao, 1 from Phouyae, 1 from Huayana, 1 from Eula, 1 from Phiyer). These six have had English language training for 1,5 years. At least three of them have good English language skills. However, they would be so much better, if they had regular (or at least more) contact with foreigners. (The English teacher is a Lao person.) The guides would feel more self-assured and would take more initiatives by themselves on the treks if they had more contact. But this will improve in time.

The guides are very helpful to tourists and very friendly and get very good feedback (apart from lacking language skills to explain more detailed topics). They enjoy being guides and wish they could work more often.

When asked they will explain and show things up to their abilities.

They could and should improve in showing and explaining things without being asked, volunteering information all along the trek.

They should get first aid refresher courses organized by the company.

4.3.2. *Managers*

There are two tourism managers in each village. The work of these managers varies from village to village, as do their skills and responsibilities. In general the cooperation with all managers is very good. The managers have up to now received 20.000 kip per months for their work (this money is included as a fee in the sales price of the tour). The managers in the “lodge villages” have an extra income of 10.000 kip from each trip, taken from the lodging fee. (This they arranged themselves in their village).

- The managers in Lao Kao do an excellent job, one of them speaks Lao very well. They take good care of their lodge.
- The managers in Tamee do a good job as well in getting ready for tourists arrival and organizing everything when tourists are there. They don't take care of the lodge as well as the villagers in Lao Kao (in terms of cleanliness). The Tamee managers don't speak Lao very well.
- Organizing the activities in time seems to be a problem for the managers in Huayana, Eula, Namhoo and Phiyer. The villagers who are supposed to lead the activities have always been informed by the managers, but they are not ready, when tourists arrive. Then they start dressing and getting their things ready. This needs to be improved. The activities done in each village have been mostly the same for each trip up to now. It would be nice if the manager could organize activities more in accordance with the activities that are taking place at the time of visit (depending on the season).

The managers do take their job seriously. In the management meetings all managers take part in discussions and voice problems or suggestions.

It seems that the payment of 20,000 kip per month is not really adequate. In some months, where there are few or no trips, this is “overpayment” in other months there are a lot of tours and thus a lot of work. Then 20,000 kip is too little.

This could be adapted in future by paying out all incoming money for the managers. Since the management fee comes only in through the trips, this would mean that there is more money when there are many trips, less money when there are fewer trips.

It also seems that now that the tour has been operating for a year, it is enough to have one manager in each village (except in Lao Kao and Tamee) instead of two. This way the one manager would earn more money and thus probably feel more committed.

4.3.3. *Other service providers*

There are the villagers providing food for tourists – in Ban Phouyae or Houayana and in Ban Mona or Namhoo (depending on the season). Looking at the crockery and cutlery, there sometimes seems to be a lack of cleanliness. This is due to the fact that the villagers work on a rotational system. That means that not all villagers providing the service have been trained and that some villagers do and know better than others. The situation has improved since the villages were provided with crockery by Exotissimo.

Here the managers should get into action and explain each family again, when they ask them to do the cooking.

4.4. Ownership

The main issue about ownership is in Tamee and Lao Kao, where the lodges are. The managers in these two villages have definitely understood that the lodges are the villagers' lodges. In Ban Lao Kao, where the roof and some beams were burnt in a fire, the villagers had fixed everything by themselves within 2 days. That is very promising.

How much the other villagers (besides the managers) feel an ownership for the lodges cannot be said at this moment. (That is one thing that the German student arriving in November will hopefully look into).

There are a few issues in the lodges, especially in the bathrooms, but I dare not say that this is due to a lack of ownership but probably due to a lack of awareness and skills. The villagers have never had a shower, a toilet and a sink in their house....

4.5. Feedback by tourists

A feedback questionnaire is normally given to all tourists after the trek. Unfortunately this has not been done for quite some time now. Either the tourists did not have time to fill out the form at the end or the form was not provided. The local Exotissimo manager promised to improve this in the future and hand out the feedback forms again at the end of each trip.

The last summary of the feedback was done in February 2006, there is unfortunately no feedback for the last six months.

The feedback given by tourists in general has been very positive. Most people say that the interaction between tourists and villagers is very good, that the food is delicious and that the guides are most helpful. If there was no national guide on the trek but only the village based guides then tourists complained about a lack of communication due to English language skills of the guides.

Suggestions for improvements were as follows:

- Should always have an Exotissimo guide since the Akha guides are still in a phase of learning
- More training for the house keepers in the lodges
- More information about the terrain, climate and lodges should be given in marketing materials und the website
- Tell tourists in advance about dormitory style bedroom (little privacy)
- Have one cabinet in each lodge where valuables can be locked
- Provide a brochure in advance to introduce Akha people and the trek
- More communication through the Akha guides
- Explain more how this trip benefits the villagers
- Tourists should be told more about the weather before the trip so that they know what clothes to bring
- Provide a list of what tourists should bring
- Advertise about festivals in the villages
- Tell tourists when booking the trip that they shouldn't bring any gifts
- Explain about the effects of gifts in the website, explain that they can help by giving money to the donation box and explain how this money is used
- Brief the tourists of how to use the toilets and shower in the lodge

- Get a set of dishes for lunch villages that is only used when tourists come
- Make nice handicrafts for the stores in the villages (bracelets, jewellery, belts, scarves, - don't use neon colored thread
- Clean the villages near the lodges

Some of these issues have been tackled in the meantime. It would be interesting to see at this time, how well the village guides can communicate with the tourists.

Dishes were provided to the 'lunch villages' by Exotissimo.

Many of the improvement suggestions ask for more information given before the trek begins or when buying the tour.

For this GTZ compiled two documents:

One with basic information about climate, terrain, what to bring, where do the benefits go, etc. This was meant to be send through Exotissimo to their clients (TO in Europe), so that the TO in Europe could provide more information to (potential) customers.

The other one as a 'souvenir brochure' to be given to tourists who go on the trek. This brochure includes some basic information on the trip (What to expect, do's and don'ts, Akha phrases, benefit distribution, etc.).

These documents were sent to Exotissimo and (even financial) help was offered. Exotissimo said this was interesting but then sadly never got back to GTZ about these documents, showing no interest at all.

It is expected that new feedback of tourists can be summarized in December.

5. Financial Input

According to the official cooperation contract between GTZ and Exotissimo the total investment sum for the period 2004-2006 is the following:

- Public partner: **75,200 EUR**
- Private partner: **110,000 EUR**

Looking at reality, it can be noted that GTZ carried the great majority of investments, roughly estimated 6-7 times as much as the private partner!

5.1. GTZ

The public sector is responsible for investments in feasibility studies, infrastructure development, trainings and office expenses.

The total investment of GTZ from January 2005 to August (incl.) 2006 is

- 73,708 EUR

This does not include the investments done in 2004, which included the feasibility study (\$ 5,000), the writing of the implementation document (\$ 600) and the restoration of the Tourism Office (\$ 25,000).

The estimated total investment of GTZ thus is:

- 73,708.00 EUR
- 30,600.00 USD

This shows that GTZ more than fulfilled its financial commitment in the PPP cooperation.

5.2. Exotissimo

The private sector is mainly responsible for the marketing of *The Akha Experience*. According to the contract, the company should invest a total of 72,000 \$ for marketing purposes only. The remaining amount was supposed to be spent on the salary for one junior expat (for a three year period).

There is no information available about the budget spent by Exotissimo for the project.

A few things can be noted, however:

- There was no junior expat paid by Exotissimo. Exotissimo had contracted a German person for this position but this person proved to be incapable of doing the work. It was agreed among the partners that there was no need for a full time Exotissimo expat (since there was the GTZ advisor), but that short term expat back-stoppings for the Exotissimo local staff would be required. This backstopping did not happen. (The salary for the two local staffs come up to \$ 150 per months, totaling \$ 2.850 for the period 03/2005-09/2006)
- There have not been very many marketing and promotion activities. No brochure has been produced.

According to the information available to GTZ the total investment of Exotissimo can be estimated at no more than USD 15,000!

6. Performance of different partners (according to responsibilities)

6.1. GTZ

It was GTZ's responsibility to facilitate the process and the work between villagers and Exotissimo as well as to provide funds for the construction of village infrastructure and for various trainings.

- GTZ has worked closely with Exotissimo's local manager Somchan (and still gives advise to him)
- GTZ tried to work closely with Exotissimo Vientiane
- GTZ provided funds for 2 village lodges (including the lodge equipment) and 2 village handicraft stores as well as for trail surveys and trail construction and provided technical expertise.
- GTZ organized or conducted and funded the following trainings
 - Guide training (done by PTO) for 16 village based guides
 - Medic First Aid training (done by Lao Red cross) for 16 village guides

- Housekeeping training (at Boatlanding GH) for 4 villagers and 16 guides
- Hospitality training (at Boatlanding GH) for 16 villagers and 16 guides
- Cooking and Hygiene training (at Boatlanding GH) for 16 villagers and 16 guides
- Study tour and learning experience for 16 guides (with Green Discovery LNT)
- Daily English language training for guides, which started in February 2005 and continues until the end of 2006. (Now there are still 6 guides taking part.)
- Continuous training for 16 village tourism managers done by GTZ
- Handicraft trainings for women in all eight villages.
- Accounting trainings for village managers and village leaders in all eight villages.
- GTZ cooperated with different government offices.

6.2. Exotissimo

Exotissimo's main responsibilities after the start of the tour lie in marketing *The Akha Experience* and monitoring it for quality.

Marketing:

- The public partner is not well informed about marketing activities, although GTZ has asked on many occasions to be informed about the marketing.
- There were visits or FAM trips by 4 journalists, unfortunately all came at a very early stage where the work had just started. One of these journalists mentioned *The Akha Experience* in one of her articles (Globe and Mail (American Newspaper) October 22, 2005). The other journalists did not compose anything since the tour had not been in operation.
- There were FAM trips by 3 different Exotissimo managers (Adventure manager, Vietnam and Spain manager). Unfortunately two of these trips were at a very early stage, when the tour was not 100% set up.
- There were 2 more FAM trips by different TO.
- *The Akha Experience* was presented at the ITB 2006 in Berlin and WTM Fair (World Travel Market) in London (November 2006) However, Exotissimo did not send a representative to the Reisepavillon, a eco-tourism fair in Hanover, Germany, where GTZ presented *The Akha Experience*.
- Within Laos the product was presented at Lao Ecotourism Fair (16-17 June 2006), International NGO Meeting (30 June 2006), Lao Tourism Exhibition (22-24 August 2006) and the WIG Bazaar (19 November 2006)
- Even after one year of operation there is no leaflet or brochure advertising *The Akha Experience*.
- It is very difficult to find *The Akha Experience* on Exotissimo's webpage. Even when searching for "Trekking Laos" within the website, *the Akha Experience* cannot be found.
- A contact between Exotissimo and the Green Travel Market (a website which promotes sustainable tourism enterprises which either have won an award or were set up in cooperation with an NGO or other organization), which was initiated by GTZ, did not seem to have worked. GTZ wrote the needed recommendation letter, but *The Akha Experience* never appeared on the Green

Travel Market website. There was also no reply to this when GTZ asked Exotissimo about it.

Quality control:

- Exotissimo requests the villagers to give services of high quality and the tour was designed in this style.
- Up to now, quality control was mainly the duty of the company's local manager, Somchan. Somchan has no experience in international tourism and is a villager himself. He is trying very hard, but it is difficult for him, since he has little knowledge about international standards. (Hopefully the new Sustainable Tourism manager of Exotissimo will give more training to Somchan, enabling him to do this work properly)
- Somchan has no transport to go and visit the lodges (it is expected by the company that he checks on the lodges at least twice per month).
- Monitoring and summarizing of visitor feedback has up to now always been done by GTZ. The visitor feedback form is not always handed out.
- Management meetings have taken place on a monthly basis up to now. There were good discussions between company, villagers and GTZ. The management meetings will from now on be conducted quarterly.

According to the contract between Exotissimo and the eight villages of *The Akha Experience*, the tour contract price will be negotiated every year (amendment 1 of the contract). The selling price for the tour by the villagers to the company is valid from September to August of the respective year.

Although Exotissimo was again and again reminded of this responsibility, starting from March, there was seldom any reaction by the company. Again and again the new price asked by the villagers and the contract amendment was sent to the company to comment and sign. As of this date (October 10th) there is no agreed upon new tour price and new contract. Although it seems that the company's sustainable tourism manager is working on the issue now.

As of October 5th Exotissimo has 6 confirmed bookings with 26 visitors for this high season (October 2006 to April 2007). There are an additional 4 bookings which have not been confirmed.

Side note:

- Exotissimo supported a "Welcome to Muang Sing sign" with \$ 1,000. The District vice governor had asked for this.
- Mrs. Duangmala agreed to have the vice governor's daughter stay at her house in Vientiane and give trainings and education to her (I think for 1 year)
- Mr. Chantala (of Vientiane Travel, the legal partner of Exotissimo at that time) handed over money to the former PTO Mr. Khamliene in order to get his cooperation.

7. Cooperation

Looking at the cooperation it is astonishing to see how different the perceptions of the partners are. While Exotissimo seems to be completely satisfied with the cooperation, GTZ is very unsatisfied.

7.1. Company and GTZ

The cooperation between the partners has to be separated into two different levels. On the one hand there is the cooperation with the company's local manager Somchan, which has been excellent. On the other hand is the cooperation with Exotissimo's main Vientiane office and here a lack of cooperation has to be attested.

There has been close cooperation in day to day implementation work between the company's local manager and GTZ. Working together has been very fruitful and enjoyable. Somchan is well-skilled in community work, the villagers trust him and he is very committed.

But Somchan has very little decision making power and no budget for activities. For these things he has to contact Exotissimo Vientiane.

Exotissimo Vientiane did not assign a staff in Vientiane to be responsible for issues related to *The Akha Experience* from the very beginning. So communication had to be done with the Executive Manager Mrs. Duangmala. An executive manager being very busy, of course correspondence was quite slow.

In late 2005 a staff, Mrs. Jan, was appointed to be responsible for issues related to *The Akha Experience*. Communication did improve, now e-mails were replied to, but Mrs. Jan also had no decision making power and everything had to be discussed with Mrs. Duangmala.

Starting from September 2006 Exotissimo opened a Sustainable Tourism Department with Mr. Jean-Yves as the manager. He is responsible for any further dealings concerning *The Akha Experience*. Communication seems to improve now.

General criticism from GTZ's point of view about the cooperation is

- Slow, late or no reply to emails.
- No information about marketing activities done by the company, although requested on many occasions and although provided with detailed reports of implementation work in MS.
- The biannual reports the company was obliged to provide to GTZ were only submitted after many reminders and requests. (two of four reports were prepared).
- A general attitude of "GTZ will take care of it, we don't have to worry". (This was even explicitly expressed by Mr. Alain Daout).
- Little to no backstopping, training, assistance to the local manager Somchan. ("If we train him, he might stop working for Exotissimo and go to another company" [quote Mrs. Duangmala]. This lack of cooperation within the same company led to the fact that Somchan most of the time thought of himself as being staff of GTZ and not Exotissimo. It also led to the situation that the villagers don't realize that they are working with a private company, but with GTZ.)
- Promised support not given (e.g. some form of protection for lodge mattresses...)

7.2. Company and villagers

Cooperation and interaction between the company's local manager Somchan and the villagers has been very good. The villagers trust Somchan and listen to his advise. They also voice their opinions, discussing issues in detail. Somchan is very committed, honest and tries to always take care that the needs of villagers are taken into consideration. He has good knowledge about the situation in the villages, knowing of problems, issues and of potentials. At the same time Somchan takes care that tourists' needs are also respected and looked after.

For *The Akha Experience* and the cooperation between the company and the villagers Somchan is absolutely essential.

There is no cooperation between villagers and Exotissimo Vientiane, the company's staff in the capital (who were involved in the project) have very little knowledge about village reality and therefore did and do not know what could and can be done, what is appropriate what not.

There has not been a single meeting between the company (other than Somchan) and the villagers. At times it very much seems that the company does not know what working with eight communities means, what community-based tourism really means. And most of all, it seems that the company does not care what it means.

The importance of one person (the local manager) in this set-up could lead to problems in the future, if Somchan decided to quit his job.

Hopefully the new sustainable tourism manager will get more involved, understanding (and supporting) the work that is done by Somchan.

7.3. Company, GTZ and Government

The beginning of the project was very problematic when it comes to the cooperation between the government, the company and GTZ.

Being the first project in Lao PDR with direct private sector involvement (on village level) in tourism, there was little understanding of how this would work. The Provincial Tourism Office (PTO) tried at every possible stage to obstruct the project, trying to get more control over the project. Much energy and time was spent on this constant battle. The cooperation agreement between the different stakeholders (villagers, GTZ, company and PTO) could not be signed.

During this period, that lasted up to the beginning of 2006, it was also impossible to work with the PTO's local representatives in MS, since the staff took their orders from the PTO. The work up to January 2006 was thus done without cooperation with the Tourism Office.

This changed when the PTO got a new head, who is very cooperative and committed. Since this time, cooperation has been very good.

The cooperation with the District Vice Governor Mr. Dethxayfeng has been excellent. From the very beginning he supported the project, even against provincial officials. He always had time for discussion of various issues and tried to help to solve problems.

There was also some cooperation with other District offices. Mainly with the Office for Communication and Transport (trail building and bridge construction),

Department of Agriculture and Forestry (for participatory forest planning with villagers).

8. Problems

8.1. Lodges

The construction of the lodges was completed in May 2005. The main work was done by the villagers, for the bathrooms, the water supply and electric system (including solar power) skilled laborers were contracted. Mr. Sompawn Khantisouk was the contracted consultant to oversee the construction, material was acquired through GTZ. In June 2005 the lodge equipment was sent, funded by GTZ but bought by Exotissimo in Vientiane.

At a recent inspection of the lodges the following problems were identified:

- **Water Filter**

The water filter in Ban Lao Kao lodge is leaking, the wood around the filter is wet and will rot soon.

When the filters were ordered we expected a simple and easily maintained filter (same style as the one used in GTZ office). The ones that were sent are fancy filters that are difficult to install and take care off.

The filter in Lao Kao was leaking before and a GTZ technician went to fix it. But it is still dripping.

The filter needs to be cleaned regularly. Due to the complicated style, this cannot be done by the villagers and the company's local manager has to take care. It seems that it is not happening.

- **Mattresses**

The mattresses bought are stuffed with natural material and completely inappropriate. Already in the few days that the mattresses were stored in the GTZ office, the rats opened them and had a good bite for the filling.

The villagers were quite upset when they received the mattresses. They immediately said that they would not be able to protect them from rats. This was again and again mentioned to Exotissimo and it was promised that they would send some protection that they use in their Khamu lodge. It never happened.

The mattresses are now almost completely destroyed.

Since the villagers were provided with inadequate material they should not be held responsible for the damage. Exotissimo should provide the villagers with foam mattresses and be told how the (foam) mattresses in the Khamu lodge are protected from rats.

Supplement (December 13, 2006): Exotissimo said they will provide a big box in which all mattresses can be stored to protect them from rats.

- Water towers and plumbing

The quality of the water towers is not good. Water is seeping through the cement and in Ban Tamee a lot of water is coming out from underneath the tank where it seems that a water pipe is broken.

The sand for the construction of the water towers was not adequate, being too dirty.

It seems that in a year or two the towers will not be useable any more.

The plumbing seems to have been done badly as well, water is dripping here and there.

Again, for these problems the villagers should not be held responsible since the work and material was bad quality. The broken pipe was already fixed by GTZ and the water tanks will be tiled from the inside.

- Toilets

The quality of construction of the bathrooms (toilets) is bad as well. In my opinion it was a mistake to put in western style sit down toilets. The one in Ban Lao Kao was broken off its socket after a few months, not having been cemented in (properly). This was repaired by Somchan. In Tamee there now is the same problem – the toilet is loose and would need to be put in a cement socket.

While the shower is nicely done with concrete and stones (collected from the Mekong), it was thought that it would be good enough to have wooden floors in the toilet and varnish these for protection. But from flushing the toilet there is always water on the floor. It would have been better to also use cement and stones for the toilet.

Exotissimo has agreed to be responsible for covering the floor of the toilet with cement.

8.2. Activities

As mentioned above, the activities done with the tourists need to be improved. They should vary according to season, making the activities really reflect everyday Akha life. Villagers should also be ready when tourists arrive, it should not take too long to start the activities. Since the time of arrival of a group can more or less be scheduled, this is just a matter of training and coordination. To include the person leading the activity more into the action with the tourists, it would be nice if the Akha could explain what he or she is doing, this would then be translated by the guides. In this way there would be closer interaction with the villagers. The guides should explain before entering the village what will happen there, e.g. that they will participate in a village activity.

Exotissimo has to work closely with the villagers on this issue, giving advice, explaining again and again.

An idea to improve this most problematic issue on the trip would be to get a trainee student. This student could work with the “activity villages” for some time, staying in the villages.

8.3. Accounting skills of villagers

Due to the general low level of education of Akha people it is difficult for the villagers and the managers to do the accounting of the trips by themselves.

At present they are always provided with a payment slip, which has detailed information on how much money is paid for what. The managers receive this slip with the payment. They understand this slip. They were taught how to keep track of the income and also of money spent. It has to be seen, if all villages will be able to do that.

The problem is that the villagers are very dependent on Somchan, relying on the payments slips and it seems that they do not have enough skills yet to be able to calculate the money owed to them by themselves.

8.4. Forest

The greatest danger for *The Akha Experience* is the destruction of the forest. With amazing speed, forest is disappearing, mainly making way for rubber plantations. If this process will continue like now, there is little chance for the *The Akha Experience* to “survive” this. Tourists will not come to spend three days walking through rubber plantations.

Participatory forest management was conducted with the villagers (in cooperation with the DAFO), but it seems that the validity of these agreements is very short.

This issue is, as it is well known, very complex. And it is not only the villagers, who are responsible for the destruction of the forest.

A one Dollar Forest Protection fee is included in the price of the tour. At present this money has not been paid to the villagers yet (\$ 184 were collected up to now), since there was no official agreement yet on how to use it. The forestry office claims to get the whole amount.

Presently a forestry agreement is being prepared by Exotissimo. GTZ suggested that this agreement should state that the villagers have to at least protect the forest along the trails. The money collected will be divided between the villages who follow this rule, so that they see that they can make some money from the forest, and one part of the money will be given to the District Forestry Office with the responsibility to supervise and control this.

There should be no illusions as to how much forest will be protected through the tour. The incentives for the villagers to grow rubber is very great, revenues from *The Akha Experience* will not be able to compete with it. So it remains to be hoped that at least the forest along the trails can be saved.

9. Other issues

9.1. The Exotissimo local manager and assistant

As mentioned under 6.2 Somchan, the local company manager, is absolutely essential to the tour at this point. This might cause problems in the future should Somchan decide to quit his job. There might also be the “danger” of Somchan being less powerful once GTZ has stopped all involvement.

Another issue is the assistant to Somchan. He was very unlucky with his assistants. He had three different Akha assistants, of whom two were very skilled. Both left, one got married in China, the other one did not want to continue working for \$ 30 a month. Now Somchan hired a Lao Loum. Mr. Xay is a certified as a guide, speaks English well and seems to be committed. The problem is that there now is no staff who can speak Akha language. For good work in the villages it is quite essential to use Akha language. Even in the management meetings this could cause problems, since not all managers speak Lao very well.

It also remains to be seen, how long an English speaking Lao will work for \$ 30 a month.

9.2. Local Sales

The tour was not (primarily) designed for sale to walk-in tourists. The main target group was always meant to be for oversea group tours. Although this is the case, there is a local sales office.

Knowing this, it can still be said that there is potential for sale of the tour to walk-in tourists. Although the office is usually open, there are no efforts done to sell the tour in Muang Sing. The reason for this is that this would also have to be done by Somchan, who has, due to a lack of training, little skills as a sales person. There is also no incentive for Somchan to try to sell the tour, so why should he try hard, if it does not make any difference for him whether the tour is sold or not. He should receive a small fee for each tour he sells.

Selling the tour in Muang Sing would not only bring more income to the villagers, but would also give them the opportunity for more practice, improving skills. It would also keep up confidence in the company and interest by the villagers, especially important for the villages that don't earn very much from the tour.

This could turn out to be very important, especially looking at the present bookings for the 7 months high season (six bookings!)

Supplement (December 13, 2006):

Another problem of local sales arose. A tourist wanted to do The Akha Experience and for this join a 2 person group booked through Vientiane. Although the total number of tourists was three, the walk-in tourist had to pay the price for the tour as if she was alone! Naturally the tourist was not very happy.

Exotissimo stated now that the price always depends on your own group, no matter how many other people there are already.

This reaction can be understood when looking at the logistics. It would be easy to have the walk- in tourist pay the lesser price. But it would not be so easy to refund any money to the pre-booked tourists who might have paid through a European operator.

However, this does not make great advertisement for Exotissimo when tourists they don't get to pay the prices that are advertised!

And if the tourists pay the full price, then the villagers also have to get the full price – meaning all the fixed costs are covered two times (fee for food preparation, fee for managers, fee for activities, the guide fee) so the villagers have to receive them two times as well, although they only provide them once. Otherwise this would be cheating the tourists very much – telling them that their money goes to the villagers when it actually stays with Exotissimo. Maybe instead of paying the villagers twice, which will be very difficult to explain... and would be unjust, since some villagers would just earn double for doing the same thing as others, the money could be put in the donation boxes to distribute fairly among all villages.

Secondly, at present quite a few tours are being sold locally in Muang Sing. This is very encouraging and should lead to more advertisement in Muang Sing itself and Luang Namtha. Somchan should get a small commission on tours that he sells.

9.3. Follow-up trainings for the villagers

The company should, for optimal quality and service, continue to work with the villagers, once in a while following up trainings and discussing issues in the villages. This is also a way of showing the company's "face" in the villages, building up trust and a good relationship.

The problem for this is Somchan's lack of transport, it has to be seen if Exotissimo could at least provide some budget for gasoline should Somchan agree to use his private motorbike. This is also an issue for the necessary lodge inspections.

Whenever Somchan joins a group on the trek, he can include some of this work.

9.4. Yearly price negotiation

As mentioned above, the contract between the villagers states that the contract rate for the sale of the tour by the villagers to Exotissimo has to be negotiated yearly.

With this clause it was intended to give the villagers the opportunity to request more money for better services, because it is expected that the villagers will improve their skills step by step. The company will also be able to sell the tour for a higher price once it is well known and the quality improves.

This year GTZ (with Somchan) has been there to assist the villagers in this process. Discussing with them for which services it is justified to raise the price. GTZ (with Somchan) also tried to facilitate a discussion between Exotissimo and the villagers. As mentioned before there has been no reaction of Exotissimo Vientiane for months, even after the new price should have been in place for one month there is no new contract.

I am sure that Somchan will be able to facilitate the process with the villagers in the coming years. But he will not be able to argue with Exotissimo Vientiane, supporting villagers requests.

The process this year and the complete lack of action of Exotissimo Vientiane do not lead to trust and a good feeling for the years to come.

It can only be hoped that the sustainable tourism manager Mr. Jean-Yves will in future be more committed.

GTZ will also try to build capacity and awareness to the newly opened DTO so that this government body could try to enforce the contract in future.

Supplement (December 13th, 2006): After intensive discussions, a document prepared by Exotissimo and a final agreement on the prices for the new season with the villagers (in the beginning of November), Exotissimo has still not managed to sign the contract and send it to the villagers. On December 12th, Exotissimo wanted to start discussion on the contract again and wanted to change prices again. A deadline was imposed on Exotissimo by GTZ to send the previously agreed upon contracts to Muang Sing before December 22nd!

9.5. Handicrafts

Handicraft trainings or better handicraft awareness took place in all eight villages. Women learnt about what kind of items are interesting for tourists, about colour, quality, pricing and size. A lot of different examples were shown to them – handicrafts made by Akha as well as by other ethnic groups. There are two handicraft stores in which items can be put on display by all villagers from all groups. In this way, tourists will not be approached in all the villages by women who try to sell their things.

However, up to now, few handicrafts (beside the village gift) have been produced. And it seems that the handicraft stores are not really used.

This means that there is great potential for the sale of handicrafts. But it seems that the villagers need more follow-up on this, more advice. They need to be confident to produce items that are Akha style but adapted a little bit to tourists preferences.

If Exotissimo does not have the time and resources to get more involved in this issue, again this could be a topic that a trainee student could work on together with the villagers.

10. Outlook to the future and suggestions

A future perspective for *The Akha Experience* is to formally turn it into a lawfully recognized business. This would include the issuance of a business license to the villagers. The villagers now run the trekking tour as an informal business, having to cover their expenses, making important decisions. At present it is the company who pays the taxes for the tour and who deals with other administration issues. The villages may, indeed, be the owners but they have no legal basis for this ownership. Ideally the full responsibility of owning and operating a business would be handed over to the villagers, but for the time being the villagers do not have the skills yet to do complicated accounting and administration issues by themselves.

There are a few things that need to be finished and other things that could be improved and other things which must be improved. All this was mentioned above but will be stated again for an overview.

1. Mattresses need to be protected. Boxes need to be supplied and old mattresses fixed or new ones bought.
2. The bathrooms in the lodges need to get a cement floor to protect the wood.
3. Water tanks need to be tiled.
4. Guides should be worked with to be more active in supplying information (without being asked).
5. Refresher course for guides in medic first aid.

6. Guide certificates have to be updated yearly. The guides need to take care of this (but Somchan can assist in sending them to the PTO)
7. Work with villagers, especially in Ban Tamee, on cleanliness needs to be done.
8. Activities need improvement – maybe an intern student can do this.
9. Advise and follow up on handicraft production and sale – maybe an intern student can do this.
10. Information for tourists prior to arrival in Muang Sing should be made available to them. GTZ produced a document for this and sent it to Exotissimo.
11. Small leaflet for tourists going on the trek as source of information and souvenir should be produced. GTZ produced a document for this and sent it to Exotissimo.
12. The forest agreement needs to be finalized, signed by the different parties and money needs to be paid. This issue is in progress.
13. Somchan should get support in terms of trainings. Training needs are mainly on office work (computer, filing, management,...)

It is suggested that there be another assessment in one or two years, since at this point it is very early to really see impacts in the villages.

11. Conclusion

After the end of GTZ's two year involvement and the first year of operation of *The Akha Experience* the overall assessment is quite mixed.

Tourists very much enjoy the offered tour, there have already been some customers who were sent by others who had done the trek before.

The villagers do get income from the tour, but this income varies greatly between the villages, providing a substantial amount to only two villages. The villagers have learnt to provide services, some could be improved. They still lack the skills to completely run and organize everything by themselves.

Looking at the partnership there seems to be a lack of commitment of the tour operator. The tour operator has also not fulfilled its obligations in investment and marketing.

Only 12 tours have been sent through Exotissimo Vientiane and there are only 6 confirmed bookings for this high season. (as of October 10th 2006).

GTZ's (financial) investments were quite high, it remains to be seen if this high input can be justified by future earnings of the villagers.

It has to be noted that assessment in the villages will take place in November and December and is not included in this document.

It also remains to be seen if Exotissimo's commitment and general work will improve with the opening of the sustainable tourism department with the appointed manager Jean-Yves Paille.