

# Case Study on Tourism Value Chain Analysis in Da Nang, Vietnam

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## **1 Purpose of intervention (Demand for intervention)**

Tourism has been selected by the EU-Vietnam Private Sector Support Program (VPSSP) at the program location Da Nang as the first sub-sector to be analysed. The analysis has been conducted by group of tourism specialists, mainly from Da Nang, but with some outside help from the Overseas Development Institute, London, and mesopartner in November 2006 with a follow-up mission in April 2007.

But why selecting tourism? With international tourism comprising 5% of Da Nang's total exports – international tourism is worth about \$16m out of a total export basket of \$350m in 2006 – the prioritization of tourism above other more significant sectors of the provincial economy appears unusual. In terms of export revenue, sectors such as textiles, fisheries or shoes are much more significant than tourism in Da Nang.

There is, however, a robust rationale for selecting tourism to initiate a value chain analysis (VCA). First, looking at tourism only as an 'export' excludes domestic tourism. The official definition of 'tourism' as the activity taking place in hotels, bars and restaurants and the transportation sector is also restrictive – as the VCA indicates. The analysis estimates that tourists in Da Nang in 2006 contributed some \$42m to the local economy - suggesting that tourism is a significant sector in the local economy in Da Nang. Second, a comprehensive and robust analysis of Da Nang's economy (Economic Potential Study conducted in 2006) assessed the five most promising sectors in the local economy for a value chain intervention (textiles and garments, wooden furniture, fisheries, transportation, and tourism). The tourism VCA supports the main thrust of the rationale for tourism in the Economic Potential Study, as it shows that tourism generates many more jobs and enterprises than the official figures suggest. Third, tourism has lower barriers to entry than many non-agricultural sectors of the economy. The consequence of this, combined with the labour intensity of the sector, is that tourist development often stimulates pro-poor growth (a pattern of economic growth which benefits poor people). As Vietnam is a low income country it is logical to prioritise the selection of an economic sector that has the potential, not only to grow the provincial economy, but also to include poor people as direct beneficiaries in this growth.

Looking at Da Nang, domestic tourism is here doing very well. The number of Vietnamese visitors staying at least one night in Da Nang has grown on average by over 16% each year since 2000. The buoyancy of domestic tourist demand is very important in a sector so vulnerable to international uncertainties such as terrorism, increasing costs facing long-haul flights and health scares - such as SARS and Avian Flu.

In many developing countries, domestic tourism is looked down upon as a low spending activity. In Da Nang the average international tourist spends \$93 per day and the average domestic tourist spends \$39 daily. However, because there are over four times as many domestic tourists as international visitors, Vietnamese tourists account for over 60% of total tourist expenditure in Da Nang.

## 2 Results of the Tourism Value Chain Analysis

In 2006/2007, the tourism VCA has identified four main problems facing tourism in Da Nang.

First, Da Nang did not get its **share of international tourists**. Since 2000, the number of international visitors for Vietnam as a whole has jumped from 3.1m to a government forecast of 4.4m in 2007 – an increase of over 40%. Over the same period in Da Nang, the number of international visitors has stagnated around 100 000 each year.

International tourists are bypassing Da Nang because of the failure to develop the cultural resources of the area and the lack of appropriate coastal accommodation. In addition, the tourist survey as part of the VCA found that international visitors often have a negative view of Da Nang, describing it as having a ‘dirty beach’ and ‘looking like an industrial estate’. The tendency of international tourists to visit Da Nang for a short time has serious economic impacts. Day visitors only spend about \$12 each in Da Nang – about one-eighth the daily spend for international visitors who stay the night in Da Nang.

In addition to losing out on tourist expenditure by failing to grow international tourism, Da Nang also missed a great opportunity to take advantage of the reverse seasonality of domestic and international tourism. An important reason why hotels in Da Nang have such high room occupancy figures for a coastal destination - about 72% - is that the mid-year domestic peak season perfectly complements the end-of-year international peak season. Therefore, maintaining a rich mix of domestic and international tourists is much better than being dependent upon either source market alone.

The second major problem facing Da Nang tourism is the ‘hole’ that currently exists where tourists should be **spending money on craft, sight-seeing and entertainment**. This is partly a financial issue because Da Nang is not providing the kind of things that tourists want to buy. For instance, international tourist spending in neighbouring Hoi An is \$20 more per tourist per day than in Da Nang –

simply because Hoi An offers goods and services tailored to the international market and Da Nang does not.

However, there is also a developmental aspect to this issue. Spending money on craft, excursions and cultural entertainment tends to have a much greater impact on poor people than spending in hotels. So, these gaps in the Da Nang tourism value chain effectively obstruct the poor from benefiting from some of the most accessible parts of the tourism value chain.

Third, the **agricultural supply chain** for the tourism industry in Da Nang has been largely captured by the Metro Wholesaler which sources 90% of food and beverages from outside the region. This is important because the agricultural supply chain for hotels and restaurants in many developing countries impacts on more, and poorer, households than all the hotel and restaurant workers put together. There is obviously nothing wrong with hoteliers wanting to purchase from the Metro and the wholesaler sourcing from the best suppliers available. The problem is that local farmers are not producing goods at the quality, price, quantity and reliability required to access the agricultural supply chain.

Finally, there were aspects of the **regulatory environment** that were holding back tourist development. Obvious examples of this include the failure to get any concrete progress in the area designated for coastal tourist development – which is the key attraction for the area – at least until the middle/end 2007. In addition, activities such as destination promotion; statistical analysis; and signage required urgent attention.

Based on this diagnosis the study team developed and presented 25 proposals for consideration to tourism stakeholders at a Presentation Event in November 2006 in Da Nang City. These have been prioritised into short-medium- and long-term interventions targeted to encourage a larger and more inclusive tourist sector in Da Nang. Notable proposals include for instance:

Increase the numbers of international tourists

- *Improve communications*: Enhance the Da Nang Tourist Association website and increase English language skills for taxi switchboard operators;
- *Raise quality*: Introduce a Da Nang Hotel Award to incentivise better quality in the accommodation sector; encourage a partnership between the Metro wholesaler, restaurants and top chefs to improve the quality of restaurants; and
- *Diversify the product*: to include working more effectively with the coastal and cultural assets of Da Nang (see below).

Increasing spending on craft, sight-seeing and entertainment

- *Raise profile of indigenous culture:* Develop cultural evenings at the Cham Museum – supported through a linkage with the Apsara Restaurant; upgrade the craft retail outlet in the Museum; and, facilitate cluster activities at the Marble Mountain village.
- *Develop attractions:* work with tour operators to design a night tour of Da Nang; organise a weekly candle-lit market along the Han River; and, locate Non Nuoc statues as exhibitions of public art on strategic tourist routes; and
- *Entertainment:* extend the closing times of bar, clubs and discos.

Supporting local producers to access the agricultural supply chain for tourism

- *Support local farmers:* support local producers to raise the quality and quantity of their output so as to access the tourism supply chain.

Enhance the regulatory environment

- *Information:* Improve tourism statistics; set up information boards, maps and historical plaques indicating tourist attractions; produce and disseminate tourism promotion brochures; embark on a tourism awareness campaign with local residents;
- *Doing business differently:* Form an advisory panel of tour guides to work with public officials; introduce new forms of public-private dialogue; develop a new tourism strategy;
- *Encourage use of the beach:* provide beach volley ball facilities and organise a tournament;
- *Facilitate appropriate coastal development:* study the beach front in Nha Trang and consider the lessons learned; include deposit and performance bonds in future coastal resort licences to discourage land hoarding.

### **3 Outcome of Specific Interventions**

Since March 2007, VPSSP implemented some of the abovementioned proposals suggested by the tourism value chain analysis, and some other activities have been further discussed and planned.

In March 2007, the new website of the Tourism Association in Da Nang was officially opened. VPSSP had supported the development and design of this website.

In April 2007, the Tourism Promotion Center in Da Nang has produced a new tourist brochure in three languages (Vietnamese, English and Thai). The Thai version targets the increasing number of tourists arriving via the new East-West Economic Corridor, connecting Central Vietnam with Laos and Thailand.

In May 2007, a national consultant analysed the current practice to collect and process tourism data at the Tourism Department in Da Nang, identifying the deficiencies that could lead to uninformed investment and tourism development decisions. The consultant assessed a newly developed software and guided the department staff on how to improve it. The software enables the data entry electronically by the tourism companies via Internet, thus saving time and providing the department with all data electronically available. After improving the software, the Da Nang Tourism Department has conducted two training courses on the usage of the statistics software with 170 SMEs in the tourism sector and the supporting transport sector in July 2007.

To elaborate a strategy for tourism development in Da Nang the EU Advisor and the consultants facilitated an internal tourism strategy workshop. The tourism development strategy includes four different scenarios, each describing a different future for tourism in Da Nang depending on the activities conducted. In conclusion, there are three strategic challenges facing tourism in Da Nang: “reverse the recent collapse in tourist demand”, “develop the beach” and “encourage tourists to stay longer”. The 25 proposals suggested during the value chain analysis are all addressing these challenges. The Tourism VCA report models the implications of four very different futures for tourism in Da Nang as part of a Tourism Development Strategy exercise:

- The ‘Nightmare scenario’ examines the consequence of extrapolating the recent negative trends in tourism demand in Da Nang.
- The ‘Business as usual scenario’ looks at the implications of tourism carrying on very much as it has done for the past six years.
- The ‘Harness the beach’ scenario illustrates the impact of adding some nine hundred upmarket hotel rooms in six coastal resorts in Da Nang between 2008 and 2010.
- The ‘Stay another Day’ scenario models the impact of increasing current lengths of stay (1.7 and 1.6 days respectively for international and domestic overnight tourists) from the ‘Business as normal’ scenario.

However, the City Government has never officially acknowledged this development strategy, but admitted that it used the report to shape tourism support activities in Da Nang.

Between July and October 2007, VPSSP organised a training course on English language skills for 24 taxi switchboard operators from the big five taxi companies in Da Nang, which is an important support strategy to encouraging more upmarket tourists to beach resorts. Two-thirds of these tourists are likely to be foreign in the short-term and a high proportion of these do not speak Vietnamese. Unless non-Vietnamese speaking tourists can communicate with taxi operators, this vital part of the tourist infrastructure is inaccessible to them.

Two intensive discussions on a Cham cultural evening in the premises of Cham Museum took place in April and November 2007 with the participation of the “Cham Working Group” (Cham Museum, relevant restaurants, hotels, tour operators and the Department of Tourism). Eventually, this initiative has been dropped in May 2008 due to the resistance of the new director of the Cham Museum, although the Department of Culture, Sports and Tourism indicated strong interest to support this activity jointly with VPSSP.

During November 2007, a rapid appraisal was conducted in the Non Nuoc Stone Fine Art Craft village at the foot of the Marble Mountains (Non Nuoc) in Da Nang. This exercise had a particular focus on the tourism-relevance of the cluster (and less on the production issues), as suggested by the tourism VCA. The cluster analysis surfaced the most apparent strengths, but also the most pressing obstacles for development of the village, which is one of the few tourism assets in Da Nang (see Non Nuoc cluster analysis report).

VPSSP Da Nang started looking at business services for tourism enterprises in Da Nang and embarked on discussions with IFC-MPDF ([http://www.ifc.org/ifcext/mekongpsdf.nsf/Content/Tourism\\_Program](http://www.ifc.org/ifcext/mekongpsdf.nsf/Content/Tourism_Program)) which is in the process of developing a specific Business Edge management training product for tourism enterprises. As follow-up discussions got stuck, VPSSP was linking up with other potential partners to deliver tourism training courses in Da Nang.

In July 2008, VPSSP Da Nang cooperated with the EU Programme Vietnam Human Resource Development in Tourism ([www.hrdtourism.org.vn](http://www.hrdtourism.org.vn)) to deliver a 9-day vocational training courses with teachers of local tourism schools and university faculties in Da Nang plus supervisors of selected hotels. This training of trainers followed the Vietnam Tourism Occupational Skill Standard System (VTOS), which determines the minimum skills required by a worker for effective performance at entry level in the workplace. In addition, VPSSP Da Nang will organise different training courses on hotel management, strategy building for tourism enterprises and event organisation in cooperation with the Europe Indochina Institute of Tourism from HCMC ([www.eittourist.com](http://www.eittourist.com)).

Another potential outcome that can be observed since autumn 2007 is a sudden surge in beach resort development in Da Nang. However, the reasons for the dramatic change in public sector land-supply policy are not clear, but coincided with the participatory VCA process (see problem of regulatory environment identified in the VCA and described above). Along the central coast, from Son Tra peninsula, along Da Nang’s China Beach (My Khe Beach) down to the historic city of Hoi An, new beach resorts are rising from the sands. This sudden surge of hotel and resort construction along the coastline involves hotel chains like Hyatt, Crown



Plaza or Raffles. As a result, existing hotel operators in the city seriously worry about the future demand for tourism staff. The Da Nang Tourism Association estimates that 7,000 new hotel staff will be needed and 1,200 staff need to be upgraded in the next 3 years in the city. The currently operating tourism schools, however, only provide about 1,350 graduates per year. Most likely, the newly planned tourism school under the Vietnam National Administration of Tourism (VNAT) in Da Nang will start operation not before 2010.

Most probably, this constellation will result in attempts of poaching staff from other hotels, push up salaries and drive down the service quality considerably. Consequently, measures need to be taken now regarding the provision of additional hospitality training facilities and models and then starting the training of future hotel staff soon. For this purpose, the Da Nang Tourism Association in cooperation with the EU-Vietnam Private Sector Support Programme (VPSSP) Da Nang organised an “Orientation Workshop on Future Demand for Tourism Staff” on 22 May in Furama Resort Da Nang under the auspices of the Director of the Department of Culture, Sport and Tourism. The level and number of participants from the private hotel sector, public departments and tourism and language schools was high, again pointing out the significance of this topic. During the workshop, two agreements have been signed by local actors to kick-start the much needed training process and to set-up a (virtual) tourism staff supply centre initiated by the Tourism Association.

#### **4 Process Description**

To prepare for a participatory tourism value chain exercise, the study team was trained in the method Participatory Appraisal of Competitive Advantage (PACA). Guided by PACA tools, the study team completed 50 interviews, ten workshops and detailed hotel, tourist, taxi, and hostel surveys during two missions in Da Nang – one in November 2006 and a follow-up mission in April 2007. At the end of this rapid appraisal process the team presented not only their understanding of the problems but also 25 practical proposals for how to strengthen the tourist sector to stakeholders

In the area of sub-sector and value chain analysis, PACA has been the methodology of choice for different donor agencies in Vietnam, among others GTZ as well as VPSSP. This has also facilitated the building up of local capacities, i.e. of PACA facilitators who have been trained and have gained practical experience in the application of the PACA methodology.

The VCA in Da Nang is innovative in the sense of trying to bring together two well-established approaches to local development – PACA and value chain analysis - in a new way to provide deeper insights.

Traditionally, PACA approaches rely heavily on collecting and analysing the perceptions and views of local stakeholders. This is critically important and an element of the research method that was retained in this study. In addition, the qualitative views of local stakeholders were complemented with more quantitative primary and secondary empirical data sources. In particular, some effort was made to understand and analyse the public statistics collected by the Da Nang Tourist Department and the Department of Statistics. In addition to the workshops and interviews with a broad range of tourism stakeholders in Da Nang, the study team undertook detailed surveys of 19 hotels; and rapid surveys of 10 hostels; 10 pavement cafes; 17 taxis and 37 tourists at the Cham Museum and Da Nang Railway Station. In addition these rapid surveys are an innovation to both the more qualitative PACA approach and the highly quantitative economic focus of many value chain analyses. What they add to the process is a small amount of empirical data that, whilst often from sample sizes are not statistically significant, provides a basis to ‘test’ some of the purely qualitative perceptions collected during interviews and workshops.

In the Tourism VCA in Da Nang the host was the Tourism Department of Da Nang Province. The PACA team guided the implementation of this study. The team consisted of four external consultants who are familiar with the PACA method and LED, including one tourism expert from the Overseas Development Institute in London. Key members of the local team were sourced from the Da Nang Tourism Department, the Da Nang Tourism Association and other organisations such as GTZ-SME An Giang; NEDCEN Da Nang and Can Tho Tourism Department.

The follow-up mission in April 2007 was extremely important in three respects. First, after analysing the data collected during the first mission, empirical ‘gaps’ were located. The follow-up mission allowed these ‘gaps’ to be filled.

Second, allowing five months to elapse between the first and second missions enabled the team to respecting the absorption and implementation capacity of local actors. Because local stakeholders had some time to absorb the findings and proposals of the initial mission and had benefited from facilitated support between the two missions, the mini-workshops in April with taxi companies and the cluster of activities around the Cham Museum were focused and productive. Finally, the tourism development strategy was produced during the follow-up mission.

Rich qualitative and quantitative data and information gathered from the field work combined with pre-collected empirical data provided a good basis for the team to finalize the Da Nang tourism value chain map, analyze strengths and weaknesses of each link, and then generate robust proposals. To use a value chain mapping technique that is quickly teachable we decided to use GTZ's Value Links mapping approach. Value Links is a modular approach that builds on a set of principles and criteria plus orientation on the choice of available instruments, but is not an overly rigid framework (see Value Links Manual).

In order to analyze the strengths and weaknesses of Da Nang tourism, the value chain was divided into nine categories: tour operators, transportation, accommodation, restaurants, entertainment, shops, attractions, support institutions, and related sub-sectors (see VCA report). This approach allowed the team to dig deeper into each link of the chain and having the broad picture of how those links interact as well. To address the strengths and weaknesses of Da Nang tourism taking from the value chain analysis, more than 150 proposals were collected from both local stakeholders and the team. Then by prioritising and assessing the proposals on three criteria (realistic and viable, suitable for quick implementation, and appropriate to produce visible effects) 25 proposals were finally selected.

Along with the Tourism Department, Da Nang VPSSP programme office played a key role in arranging and preparing logistics to make sure that all the interviews and workshops were well-prepared. Two dedicated staff from VPSSP had to manage a huge amount of work from listing the stakeholders, sending invitations, and getting their confirmation via phone. Within a short period of time, 8 workshops and about 40 interviews had been arranged and more than 150 people were contacted. The only possible comment to make their work more efficient is that a list of all related stakeholders with their detailed contacts should have been ready a little while before the exercise actually started. Then the invitation letter and further information could have been provided to the local stakeholders earlier to enable them to be better informed and prepared to join in.

## **5 Problems Encountered & Innovative Solutions**

The allowance of two weeks for study planning, team formation, initial information gathering and analysis was not overly-generous. However, because the team had a powerful combination of local research knowledge and sector knowledge and experience, it was possible to generate a useful analysis and findings within a fortnight. In particular, the role of the host office in acquiring information, preparing logistics and sharing local knowledge was critical to the success of the mission.

In addition to the output, three days of extended hypothesis workshop at the beginning of the process trained and familiarised all team members with participatory value chain methodologies. As a result of this, the rapid participatory value chain analysis process was well-structured, and interviews and workshops were well-facilitated. This process is demanding in terms of the time required of the local team members. A number of the local team had on-going professional commitments during the study process, which reduced their ability to participate fully in the study process.

After training the team was divided into four sub-teams which collectively conducted interviews, mini-workshops, and mini-surveys with the local stakeholders of the Da Nang tourism value chain. All links of the value chain were explored covering hotels, restaurants, transportation service providers, tour operators, support institutions, attractions, investors, and the tourists. The information gathered from the field work days was voluminous and helpful for the team in the later stages drawing the full value chain map, analysing the strengths and weaknesses of the chain, and refining proposals.

Information collected from the mini tourist survey, notwithstanding the small sample size, proved to be useful to strengthen the team's analysis and proposals. Besides, tour operators and tour guides, who work directly with tourists, hotels, restaurants, transportations, and attractions, did provide systematic information on the situation of local tourism and specific links of the tourism value chain.

The result of the field work could have been better if the team could have had more time to work on the tourist survey and interviews with other tour operators. There are several important stakeholders who were not available for interviews or mini workshops on the time-lines implied by this study process. The follow-up mission in April 2007 was able to develop a much stronger empirical base for the study, facilitate more focused way-forward workshops and initiate a tourism development strategy.

For the PACA exercise, the Tourism Department played an important role in almost all the steps from planning, sharing helpful data and information, supporting in coordinating and inviting local enterprises and authorities to the interviews and workshops, assigning staff to join the team. It was observed that the host was motivated to implement the PACA exercise and the contribution of the Department was crucial; however, the result would have been even better if the assigned staff had been more senior and able to dedicate themselves fulltime to the two-week exercise.

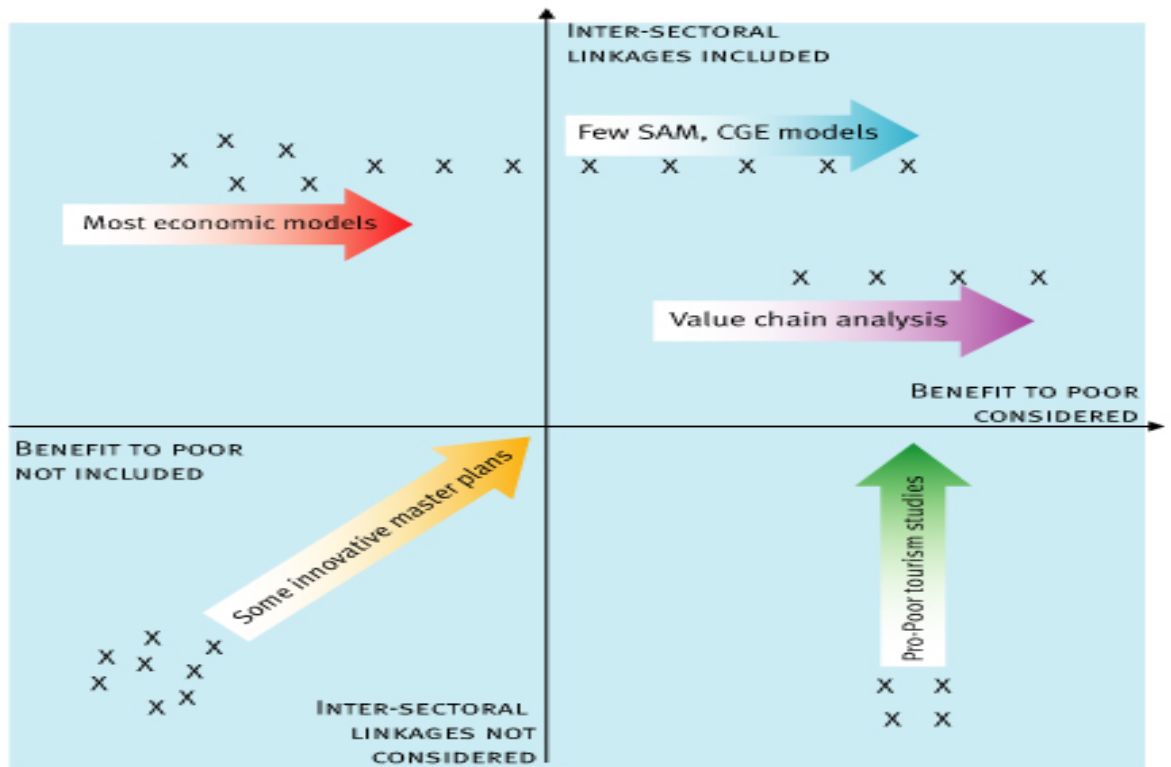
However, during the follow up after the second mission in April 2007 the interest of the Tourism Department for cooperation seemed to diminish. This can only partly be explained by the restructuring of the departments at the provincial level and the merger of the Department of Sports, Department of Culture and Department of Tourism to one entity. Only in late May 2008, the new Department of Sports, Culture and Tourism approached VPSSP Da Nang again to discuss activities that could be jointly conducted and co-financed in the remaining programme duration until October 2008. The department also admitted that both organizations have lost about one year of potential cooperation and joint implementation of activities.

## **6 How did the activity incorporate international/national experiences?**

This VCA tourism study in Da Nang is combining rapid participatory LED research methods with more conventional value chain approaches. As part of an extensive review of the 'tourism and poverty reduction' literature review (see *Mitchell, J & Ashley, C June 2007*), only one participatory tourism value exercise was identified – for a small town in North-East Brazil (see *Slob, B & Wilde, 2006*). However, this Brazilian study almost entirely fails to follow-through on its participatory promise – so stakeholders in Da Nang are involved in a process that is unique in terms of research methods.

In the past many quantitative tourist studies focused on the macro-economic level with tourism satellite accounts or computable general equilibrium (CGE) modelling or input-output analysis to answer essentially macro-economic questions about the contribution of tourism to broader macro-economic growth and development. Many of these studies – particularly CGE, input-output and Social Accounting Matrix (SAM) models – focused strongly on inter-sectoral linkages between tourism and the rest of the economy. They have only recently started examining distributional issues. Conventional value chain approaches have also considered inter-sectoral linkages and, more recently, adopted a sharper focus on how the poor can access value chains.

By contrast, there is a strong strand of tourism analysis that focuses upon the micro-level, often with a qualitative anthropological theory. For instance, the literature has vast numbers of case studies of tourist attitudes or behaviour and their interaction with the indigenous culture in one specific area or hotel. These approaches have had a strong focus on poverty issues – but have tended to give inadequate consideration to issues relating to growing tourism and the impact of tourism on the rest of the economy.



The focus on the tourist destination – in this case Da Nang – as the spatial unit of analysis has a long-standing origin in tourism development studies. However, apply value chain and local economic development research tools to the tourist destination are rather less conventional. The destination focus in this study is important because it is a geographical area that has meaning for a wide range of stakeholders in the private and public sector. In other words, for the tourism value chain, the destination is clearly a sensible scale of analysis.

The synergy of participatory approaches with more rapid survey techniques has a number of distinct advantages over previously applied research techniques.

First, local stakeholders in Da Nang were clearly not comfortable with a research technique relying purely on collecting the views of local people. This position - that the perceptions of people generate the most valid data - is a respectable philosophical position in the social sciences. However, the team responded to calls to explore the justification and empirical basis for the views expressed by stakeholders by supplementing the interview data with more quantitative data from official statistics and hotel manager and tourist surveys.

Second, the opposite view to the one expressed above - that the only data with validity is empirical and quantitative data – is also questioned by this study. An overly empirical approach - that ignores the importance of local participation, ca-

capacity building, ownership and perceptions – will produce finely worded research publications but is a very blunt instrument to create change on the ground. The Overseas Development Institute in London involved in this study has some experience of generating elegant analysis at the tourist destination level, which has precious little prospect of implementation.

The combination of rapid participatory techniques with robust empirical data collection is regarded as a model approach. Where the emphasis of a particular study is optimal will depend upon the special characteristics of the study area. Finally, the design of this process to include a significant element of post-study external support has a considerable appeal.

In addition, it is really difficult to attribute changes in policy or practice to specific interventions by external actors. Let us examine a concrete example to illustrate this challenge. Between the first study mission in November 2006 and the second mission in April 2007, some very significant changes had taken place in the tourist sector in Da Nang. By far the most important of these was the decision by the state to act more assertively in the supply of tourism development land on the coast (specifically, government made it clear that it would take action against ‘investors’ hoarding tourism land that has received development approval).

## **7 Conclusions and Lessons Learned**

The preparatory phase of the study and logistical and administrative support is critical for success in a rapid appraisal study process. This study reached a remarkable number and range of local stakeholders. In particular, the credibility of the study team was enhanced by the Department of Tourism hosting the exercise and the Department of Planning and Investment accommodating the VPSSP. This **institutional credibility** is very important when, for instance, arranging interviews with hotel senior management at which sensitive financial information is being sought.

However, important stakeholders were missed during the first mission and there is always room for more professional communication and briefing of stakeholders scheduled to participate in the study. For instance, the systemic problem of **inadequate attendance** at the mini-workshops could have been mitigated by adequate briefing of participants as part of the invitation and more professional follow-up telephone calls to assess the likelihood of attendance.



**Team selection** is one of the most critical issues because it builds a bridge between the methodology and practice. In this rapid participatory value chain analysis the team faced three disadvantages. First, the lack of seniority of the local team members from Tourism Department and Tourism Association led to weak local knowledge. Second, because team members could not dedicate their full-time to the study process, progression was delayed due to team fragmentation. Finally, it is difficult to maintain such a broad and diverse study team throughout a multi-mission study. The involvement of the bulk of the team ended in November 2006.

The **rapid transition from the collection of a huge amount of primary data to the generation of proposals** during the first mission raised the challenge of making sure proposals were adequately based upon the empirical base of the earlier research. The difficulties of achieving this are multiplied when one is operating in a bi-lingual environment with data being generated across a large study team without a formal quality control process in operation. The merit of the follow-up mission in April was that it could acknowledge, and remedy, these deficiencies.

This study was undertaken in a **bi-lingual environment**, Vietnamese and English. The participation of very good translators in all interviews, meetings, workshops and training is considered essential for effectiveness. It is also critical to demonstrating a genuine respect for the local culture.

The **combination of participatory and more quantitative empirical approaches** to the collection of data was considered effective. Participation is important in terms of collecting a large volume of data quickly; enhancing capacity; building a coalition of stakeholders interested in change at the destination; and understanding the key concerns of local decision-makers. Empirical analysis is critical to allow verification of findings to check that what stakeholders believe to be the case, is actually true. Quantitative data also allows researchers to identify issues that have not been raised by local stakeholders, but, nonetheless, could be of strategic importance. The ability of data analysis to allow researchers to identify the critical strategic issues facing tourism in Da Nang in the tourism development strategy is an example of this benefit.

This VCA is able to demonstrate the **empirical basis of the proposals** generated. In addition, the study has generated a level of interest and enthusiasm for change at a local level which is very unusual and places a serious responsibility on the shoulders of all participants.

Overall, the tourism VCA in Da Nang confirms that **PACA** constitutes a useful tool for sub-sectoral analysis. The key concern for implementation remains the commitment and ownership by the local partners, and a clear champion is re-



quired to push forward implementation. As experience also in the case of VPSSP shows, PACA, despite its participatory approach, cannot guarantee that this commitment exists. In relation to experience with the application of PACA in Vietnam and elsewhere, there are some interesting innovations which are worth pointing out: In particular, the involvement of an international technical expert with experience in the specific sub-sector tourism seems to be highly relevant. Also the local PACA researchers have been drawn from the specific technical fields. All this has given the studies more substance, and a more strategic orientation.

The suddenly diminishing interest of the local counterpart Department of Tourism to become engaged in the follow-up and in supporting the implementation of specific proposals constituted a serious problem. Several attempts by VPSSP to reactivate the cooperation in order to implement more activities have been unsuccessful. In general, the **management of expectations** of the Department of Tourism has been a challenging task. It became obvious that the local partner expected VPSSP to fully finance and pro-actively implement all activities proposed by the tourism VCA without much own support or pro-activeness. VPSSP responded to this challenge by organizing a high-level workshop with leaders of Departments and PC Da Nang to clarify the role and mandate of VPSSP Da Nang and to create interest and commitment among those institutions to embark on implementing activities that have been identified by VPSSP Da Nang, but for which VPSSP does not have the mandate to take them further. This workshop should possibly have been conducted much earlier.

In retrospective, an institutional arrangement such as a permanent tourism working group consisting of the Department of Tourism, the Tourism Association, the Department of Planning and Investment and VPSSP Da Nang could have been a solution to ensure a more sustained follow-up on the VCA and its implementation of activities. This working group could have met on a regular basis (e.g. once per month), assessing the progress of project implementation, discussing next proposals to be implemented and defining additional activities that appear to be sensible.

## 8 Key Supporting Material

### Written Publications

Ashley, C and J Mitchell (2007), Assessing how tourism revenue reach the poor, ODI Briefing Paper 21  
([http://www.odi.org.uk/publications/briefing/bp\\_june07\\_tourism\\_vca.pdf](http://www.odi.org.uk/publications/briefing/bp_june07_tourism_vca.pdf))

Cunningham, Shawn; Pham Ngoc Linh; Schoen, C (April 2008), Cluster Analysis of Marble Mountain (Non Nuoc) Stone Craft Cluster in Da Nang, VPSSP Project Report

GTZ ValueLinks Manual ([http://www.value-links.de/manual/pdf/valuelinks\\_complete.pdf](http://www.value-links.de/manual/pdf/valuelinks_complete.pdf))

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Mitchell, J & Ashley, C (June 2007), Pathways to Prosperity: How can tourism reduce poverty? A review of the pathways, evidence and methods, Study for the World Bank

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#### **Audio Publications:**

LEDcast Episode #7 “Tourism and LED in Da Nang, Vietnam” ([www.ledcast.net](http://www.ledcast.net))

LEDcast Episode #8 “Pro-Poor Tourism and Local Economic Development” ([www.ledcast.net](http://www.ledcast.net))

#### **Websites:**

[www.odi.org.uk/tourism/](http://www.odi.org.uk/tourism/) (including the VCA Report)

[www.paca-online.org](http://www.paca-online.org)

[www.mesopartner.com](http://www.mesopartner.com)

[www.hrdtourism.org.vn](http://www.hrdtourism.org.vn)

[www.eittourist.com](http://www.eittourist.com)

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