

## IMPACT SHEET: SUSTOUR Laos Project

### Promoting Sustainable Tourism by Integrating MSMEs into Sustainable Supply Chains and Raising Consumer Awareness



*Supporting micro, small and medium sized enterprises (MSMEs) in the the Lao tourism supply chain to adopt and promote sustainable consumption and production (SCP) practices, raise consumer awareness and trigger market demand for sustainable tourism and create an enabling policy environment through public-private cooperation.*



## PROJECT BACKGROUND

Through an integrated business-led approach, SUSTOUR Laos mobilized and mentored Lao tourism MSMEs in Vientiane Capital, Vientiane Province and Luang Prabang Province to adopt and promote sustainable consumption and production (SCP) practices throughout their supply chains and business processes. This includes using local suppliers, purchasing environmentally friendly products, conserving natural resources and applying socially responsible ways of interacting with local communities. Adoption of sustainable practices was certified and awarded by the Travelife and Lasting Laos certifications. The project triggered market demand for sustainable tourism by marketing Laos as a green destination and raising consumer awareness on sustainable Lao tourism MSMEs among tourists and international travel agents. This ultimately rewarded tourism MSMEs adopting sustainable practices with a competitive advantage resulting in increased income and employment opportunities. With the Lao national Chamber of Commerce and Industry (LNCCI) as local partner, the project created an enabling policy environment and promoted public-private dialogue through local structures supporting SCP practices in the tourism sector.

## CHALLENGE

Tourism provides an important income source for MSMEs, offers employment for women and young adults, and presents significant opportunities for innovation in SCP and circular economy practices. However, growth of the tourism sector creates challenges related to SCP, including: environmental degradation; resource inefficiency; poor waste management; carbon emissions; income inequality; zero-dollar tourism; poor labor standards; and other social issues that arise as a result of tourism (e.g. child labour, sex tourism). Hence there is an urgent need to promote sustainable production and consumption methods in all sectors of the Lao tourist sector in a manner that utilises market incentives.

## PROJECT OBJECTIVES

The overall objective of the project was to contribute to the growth of a sustainable tourism industry in Laos, supporting Laos to realize key national development plans including the Laos National Green Growth Strategy, 8th Five-Year National Socio-Economic Development Plan, and the National Tourism Strategy. The specific objectives include:

- The Lao tourism supply chain is more sustainable having adopted and replicated Travelife certified SCP practices among tourism SMEs by developing greener products for local supplier MSMEs, as well as sustainable settings for host communities.
- The economic and environmental value of sustainable tourism in Laos is promoted and consumer awareness is raised creating competitive advantages and incentives for Lao tourism SMEs applying SCP practices.
- SCP in the tourism sector is advocated by leveraging existing institutions and structures in Laos as well as relevant regional networks and outbound tour operators.

## TARGET GROUPS

- 120 Tourism SMEs (20 tour operators and 100 hotels);
- 500 Supplier MSMEs for Tourism MSMEs;
- 40 Local Communities involved in tourism activities;
- 20 major international travel agencies (EU, China, etc.);
- 20 large local/regional companies.

## PROJECT ACTIVITIES

### Roll-out of the Travelife and Lasting Laos Certifications

The project implemented an extensive roll-out of the Travelife certification which involved engaging, training, mentoring, auditing and certifying Lao hotels and tour operators. Extensive mentorship and capacity building were provided due to the relatively low capacity of many businesses and the high standards for Travelife. The project also developed and launched the Lasting Laos certification which is locally administered by LNCCI and adapted from Travelife for Lao MSMEs in the handicraft, food & beverage, transportation and cultural excursions sectors. Similar to Travelife, eligible businesses received training and mentorship to improve their business practices and operations with the aim of meeting all of the sustainability criteria.

### Development of Green Products, Services and Solutions

The project identified, developed and implemented numerous pilot projects to promote sustainable products and services meeting market demand (e.g., biodigesters for food waste, EV transportation for tourists) and/or solutions for sustainable practices (e.g., plastic recycling). These green products, services and solutions were promoted locally among target MSMEs. In response to COVID-19, pilot projects also focused on meeting the market demand of alternative markets with high-potential for MSMEs in the Lao tourism industry (e.g., handicrafts for export). These innovations ultimately helped to improve the sustainability and competitiveness of tourism MSMEs.

### Marketing and Business-to-Business Matchmaking

The project generated significant attention and opportunities for sustainable MSMEs through the Lasting Laos and Lao-Thiao-Lao (Lao-Visit-Lao) online marketing campaigns, as well as traditional marketing and business-to-business promotion through local and regional tourism forums such as the ASEAN Tourism Forum, ITB Singapore and ITB Berlin. This support ultimately benefited Lao MSMEs in the tourism industry that are adopting sustainable practices with a competitive advantage.

### Facilitating an Enabling Policy Environment for SCP

With LNCCI and the Ministry of Industry and Commerce (MoIC) as the local partners, the project promoted an enabling policy environment and dialogue through local forums and institutions. In cooperation with government partners and representatives from the private sector, the project advocated for SCP practices in public and private institutions and worked closely with public and private sector representatives to address challenges and develop solutions for sustainable tourism, including supporting the recovery of the Lao tourism industry following the COVID-19 pandemic.

## LESSONS LEARNED

The project has faced a number of key challenges. In particular, the informality of the private sector and low capacity of Lao MSMEs remain significant barriers. Constrained by low capacity, lack of capital and access to finance, most MSMEs are unable to invest in innovation, new systems, technologies or training, or to comply with international standards and achieve the scale necessary to become internationally competitive. Moreover, the effects of COVID-19 still linger, many businesses are struggling to reach profitability and labor shortages are negatively impacting their operations. While the tourism sector has begun to gradually recover and the project has been able to make substantial achievements towards its objectives, the tourism sector stills faces key obstacles which caused delays in implementation and challenges in reaching targets.

To address these challenges, the project implemented the following response strategies: (1) providing technical assistance and building resilience of MSMEs in the tourism industry, including adaptation of the Travelife certification criteria throughout the project duration (e.g. Incorporating COVID-19 prevention and hygiene standards into the Travelife criteria) and supporting supplier MSMEs with training and coaching to improve their competitiveness and access alternative, viable markets; (2) restoring consumer confidence and stimulating demand, including promoting the COVID-19 prevention/hygiene standards as well as promoting domestic and regional tourism (e.g. collaboration with and continued support for the Lao-Thiao-Lao (Lao-Visit-Lao) campaign implemented by LNCCI); and (3) encouraging public-private cooperation and communication, including supporting LNCCI with technical assistance to advocate for the needs of MSMEs within the tourism supply chain which are relevant to the impact of COVID-19 and the recovery of the Lao tourism sector.

The following is a summary of the key findings from the final external evaluation of the project and based on OECD guidelines:

- **Relevance:** The project's objectives are well-aligned with national development goals and stakeholder priorities. The inclusive approach, actively engaging local communities, businesses, and government agencies, has ensured the project's relevance and ownership.
- **Effectiveness:** The SUSTOUR Laos project has successfully achieved its objectives, promoting sustainable tourism practices, supporting local enterprises, and empowering communities. Notable achievements include:
  - Widespread adoption of eco-friendly practices among tourism businesses.
  - Increased community involvement in tourism-related activities, leading to improved livelihoods and cultural preservation.
  - Enhanced understanding of sustainable tourism concepts and the benefits of certifications like Travelife and Lasting Laos.
- **Efficiency:** The project has effectively utilized resources, ensuring financial, human, and technical resources were used efficiently to maximize impact. Strategic resource

allocation and timely implementation have contributed to the project's efficiency.

- **Impact:** The project has had positive economic, social, and environmental impacts. It has contributed to economic growth in the target regions, promoted social equity, and supported environmental conservation. However, challenges remain regarding economic vulnerability, cultural commodification, and environmental pressures.
- **Sustainability:** The long-term sustainability of the project's outcomes relies on continued financial support, robust policy frameworks, and ongoing capacity-building efforts. Institutional and community capacities have been strengthened, but further development is needed to ensure the project's benefits are sustained.

## PROJECT ACHIEVEMENT

In total, the project provided technical assistance to more than 600 local tourism businesses to improve their operations, services, and products to become more socially, economically, and environmentally friendly and attract the growing demand of sustainable tourism among international and domestic tourists. The project has directly benefited more than 9,500 employees of these tourism businesses. Specific achievements include:

- The project has familiarized the Lao tourism sector with the Travelife certification. In total, 95 Lao hotels and tour operators have registered for the certification and 27 have achieved the certification.
- The project has also developed a completely new sustainability certification, "Lasting Laos", for supplier MSMEs in key sectors of the tourism supply chain. This Travelife adapted certification, which is administered by LNCCI, has received considerable interest in Laos. In total, nearly 300 local MSMEs registered for Lasting Laos and 63 MSMEs have been certified by LNCCI.
- 9 green products, services and solutions were developed and implemented by the project focusing on improving the sustainability of the transportation, food & beverage, and handicrafts sectors.
- 150 MSMEs supported with information and training on access to available financial services, products and support, including green financing. This project target (30) was exceeded, indicating successful dissemination of financial information, high level of interest and strong engagement among MSMEs.
- 11 million potential tourists were reached as a result of extensive marketing initiatives, including the Lasting Laos and Lao-Thiao-Lao (Lao Visit Laos) online marketing campaigns. The strategic marketing approach has led to increased brand awareness and recognition of Lasting Laos among domestic and international tourists.
- 130 international travel agents were reached through the implementation, participation, and/or sponsorship of domestic and international travel fairs and trade shows as well as through a familiarization trip to the target areas in Laos. These efforts supported local tourism MSMEs to develop new business connections and partnerships.



**Connor Bedard**  
Plan International Laos



The adoption of sustainable consumption and production in the tourism sector is fundamentally about the commitment and consistent application of sustainable practices. This is a shared responsibility of tourism businesses, their suppliers and consumers (tourists). It encompasses how we engage with local communities, how we treat our staff, how we conserve resources, and how we support our suppliers on their journey to sustainability. True sustainability is not just a goal but a continuous journey of ethical responsibility and collaborative progress. We at the SUSTOUR Laos project have been proud to contribute to this journey.



## Long-term project sustainability

The SUSTOUR Laos Project has laid a strong foundation for sustainable tourism practices, yet the long-term viability of its outcomes is contingent on several factors. The active participation of local communities and businesses, fostered through engagement initiatives, is a positive indicator of long-term commitment to sustainable tourism. The sense of ownership and pride cultivated among these stakeholders helps ensure that the practices introduced by the project will be maintained and adapted over time. However, there are challenges that threaten the sustainability of these outcomes. Financial constraints remain a significant barrier for many local businesses and communities. Access to funding and resources is critical for the ongoing implementation of sustainable practices, and without continued financial support, there is a risk that these efforts may wane. While the project has promoted eco-friendly practices, the sheer volume of tourists can strain local ecosystems. Additionally, while initial infrastructure improvements have been beneficial, further development and maintenance are necessary to support the growing tourism industry sustainably.

In order to guarantee full support to the target groups and build upon this project, a proposal for a new phase of the project has been developed and approved by EU SWITCH-Asia. The next phase of the project, named Lasting Laos after the local certification and marketing campaign, is expected to begin in 2025. It builds upon and scales-up key aspects of the SUSTOUR Laos project, particularly the Lasting Laos sustainability certification programme, developing green products and services, tackling single-use plastic (SUP) waste and access to finance for MSMEs and young entrepreneurs in the tourism value chain. The project will contribute to the tourism value chain in its growth, ensuring MSMEs are sustainable, non-polluting and contributing to the sustainable livelihoods of Lao women, men and children. The project aims to create a foundation for replication and scaling-up across other sectors of the Lao economy and cultivate a movement for environmentally and socially conscious entrepreneurship and investment in the Lao tourism value chain.

## Project contributions to Climate Change Mitigation and SDGs

The SUSTOUR Laos project contributed to **SDG 12 (Responsible Consumption and Production)** by promoting inclusive, sustainable growth and contributing to the development of a green economy in Laos and the transition towards a low-carbon, resource-efficient and circular economy. Through the Travelife and Lasting Laos certification programmes and development of green products, services and solutions, the project promoted the adoption of SCP practices in the tourism sector and supported tourism MSMEs to be less polluting and use more resource efficient products, processes and services. Effective coordination and communication among key public and private stakeholders enabled the promotion of SCP practices and policies for the tourism sector at a national scale. Sustainable consumption practices were promoted to tourists and international travel agents, increasing awareness on SCP in the Lao tourism sector. The project actively contributed to a variety of regional tourism forums, sharing knowledge and promoting replication of SCP practices in the region.

In support of **SDG 8 (Decent Work and Economic Growth)**, the project has supported MSMEs, their employees and their communities, contributing to sustainable economic development and improved working conditions in the tourism sector. In total, the project directly benefited more than 600 MSMEs and over 9,500 employees and their households. Project support included technical assistance (e.g., training, mentorship), access to markets, business-to-business promotion, access to finance, and advocacy. Furthermore, corporate social responsibility (CSR) is an integral component of the Travelife and Lasting Laos certifications wherein employers must adhere to international labor practices and ensure employees operate in safe and inclusive workplaces.

At Plan International, all projects are implemented with **SDG 5 (gender equality)** as a priority. The certifications promoted by the project include criteria and training on gender equality as well as the prevention of child exploitation and the rights of disabled people. Furthermore, the project prioritized support for women-owned businesses.

# Impacts at a Glance

<b>Economic Impact</b>	<ul style="list-style-type: none"> <li>• 3,417,629 tourists visited Laos in 2023</li> <li>• 20 new partnerships established between Travelife certified MSMEs and international travel agents</li> <li>• 66 MSMEs provided with support to access viable/alternative markets in response to COVID-19</li> <li>• 9 green solutions, services and/or solutions for tourism MSMEs were developed and introduced into the market</li> <li>• 134 international travel agencies were reached to promote Laos as a green destination and certified MSMEs</li> </ul>
<b>Environmental Impact</b>	<ul style="list-style-type: none"> <li>• 29% (11 out of 38 tour operators) meet GSTC accredited certifications</li> <li>• 98 tourism MSMEs enabled to work towards the Travelife sustainability certification. 27 tourism MSMEs achieved the Travelife certification</li> <li>• 294 MSMEs were enabled to work towards the Lasting Laos supplier sustainability certification. 63 MSMEs achieved the Lasting Laos certification</li> </ul>
<b>Social Impact</b>	<ul style="list-style-type: none"> <li>• 82% of local community members surveyed indicated they perceived tourism as beneficial</li> <li>• 17 CBT agreements based on a project supported CBT model have been signed between local communities and tour operators</li> </ul>
<b>Green Finance</b>	<ul style="list-style-type: none"> <li>• 150 MSMEs have been provided with technical assistance (i.e., information dissemination and/or training) to access available financial services, products and support</li> <li>• 10 MSMEs submitted applications to Lao financial institutions</li> </ul>
<b>Target Group Engagement</b>	<ul style="list-style-type: none"> <li>• 626 MSMEs in the Lao tourism supply chain directly benefited from the project</li> <li>• 9,660 employees and their households have also directly benefited from the project</li> <li>• 5107 promotional materials (billboards, posters, flyers, etc.) were developed, distributed and displayed</li> <li>• 11,497,178 people reached through social media campaigns</li> <li>• 28 articles promoting Laos as a green destination and certified MSMEs published in international media</li> <li>• 34% of tourists are aware of the sustainable practices of Lao tourism MSMEs</li> <li>• 2 signatories (international organizations in Laos) to the sustainable tourism pledge (<a href="https://lastinglaos.lncci.la/sustainable-travel-pledge/">https://lastinglaos.lncci.la/sustainable-travel-pledge/</a>)</li> <li>• 202 stakeholders from the tourism sector and supplier MSMEs have gained information on locally adapted Travelife criteria</li> </ul>
<b>Policy Development</b>	<ul style="list-style-type: none"> <li>• 3 activities included in the Ministry of Tourism's destination management plan which are specifically dedicated to SCP (per year from 2021-2024)</li> <li>• 39 tourism sector meetings attended by representatives of LNCCI</li> <li>• 12 public-private cooperation workshops facilitated by the project</li> <li>• 12 regional tourism forums attended by a representative of the project</li> </ul>
<b>Europe-Asia Cooperation</b>	<ul style="list-style-type: none"> <li>• The project participated in ITB Berlin 2024, including sponsoring 5 Travelife awarded tour operators to attend.</li> </ul>



## FUNDING

EUR 2,001,471  
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## DURATION

2020 - 2024



## PARTNERS



Plan International Deutschland e.V.



European Centre for Eco and Agro  
Tourism (ECEAT)



Lao National Chamber of  
Commerce and Industry  
(LNCCI), Laos



## CONTACT

Connor Bedard  
House no. 203, Phonsinouan Village, Sisattanak District,  
Vientiane Capital, Lao PDR  
Telephone: +856 (0) 21 35 340 911  
Email: [connor.bedard@plan-international.org](mailto:connor.bedard@plan-international.org)  
Website: <https://www.lastinglaos.lncci.la/>  
Facebook: <https://www.facebook.com/lastinglao>

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