



## Evaluation Study

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# Tourism Sector in the Greater Mekong Subregion

Operations Evaluation Department

**Asian Development Bank**

## ABBREVIATIONS

ADB	–	Asian Development Bank
ASEAN	–	Association of Southeast Asian Nations
CBT	–	community-based tourism
GDP	–	gross domestic product
GMS	–	Greater Mekong Subregion
GMS-SF	–	Greater Mekong Subregion Strategic Framework
GZAR	–	Guangxi Zhuang Autonomous Region
Lao PDR	–	Lao People's Democratic Republic
MTCO	–	Mekong Tourism Coordination Office
MTDP	–	Mekong Tourism Development Project
NTO	–	national tourism organization
PRC	–	People's Republic of China
RCAPE	–	regional cooperation assistance program evaluation
RCSP	–	Regional Cooperation Strategy and Program
RTSS	–	regional tourism sector strategy
SAPE	–	sector assistance program evaluation
TA	–	technical assistance
TWG	–	Tourism Working Group
UNESCAP	–	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	–	United Nations Educational, Scientific, and Cultural Organization
UNWTO	–	United Nations World Tourism Organization

## NOTE

In this report, "\$" refers to US dollars.

### Key Words

adb, asian development bank, cambodia, development effectiveness, greater mekong subregion, guangxi zhuang autonomous region, infrastructure, lao people's democratic republic, people's republic of china, laos, myanmar, performance evaluation, tourism, tourism development, thailand, tourism marketing, viet nam, yunnan province

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The guidelines formally adopted by the Operations Evaluation Department (OED) on avoiding conflict of interest in its independent evaluation were observed in the preparation of this report. Although H. Satish Rao, Director General, OED headed East Asia Department, and Ramesh B. Adhikari, Director of Operations Evaluation Division 1 worked for Southeast Asia Department, they were not involved in preparing, implementing, and supervising Greater Mekong Subregion projects. Mr. Adhikari supervised the report up to interdepartmental review. Magdalena Casuga was the consultant. To the knowledge of the management of OED, there were no conflicts of interest of the persons preparing, reviewing, or approving this report.

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## **EXECUTIVE SUMMARY**

This report presents the findings, lessons, and recommendations of an independent assessment of Asian Development Bank (ADB) assistance to the tourism sector in the Greater Mekong Subregion (GMS), comprising Cambodia, Lao People's Democratic Republic (Lao PDR), Myanmar, Guangxi Zhuang Autonomous Region and Yunnan Province in the People's Republic of China (PRC), Thailand, and Viet Nam. The report evaluates the performance of ADB assistance during 1992–2007, but emphasizes activities and developments since 1999. While the evaluation attempts to cover all the GMS countries, difficulty in obtaining tourism data and related information have limited coverage of Myanmar, and in some cases, Guangxi Zhuang Autonomous Region and Yunnan Province of the PRC.

### **Sector Context**

Tourism is one of the world's most dynamic sectors. Collectively, international tourism and international fare receipts represent approximately 7.3% of worldwide exports of goods and services. As a key component of many countries' service exports, tourism has the potential to generate significant foreign exchange earnings. If harnessed effectively, tourism can be a driving force for environmental protection, as well as for poverty reduction by creating jobs, generating foreign exchange earnings, and enhancing economic values of natural and cultural heritage assets.

In 2007, GMS tourism resources attracted about 27 million international tourists representing nearly 3% of the 898 million international tourist arrivals, and generated \$15.6 billion in receipts. Moreover, an increasing trend in number of tourists has been observed in GMS countries in recent years, with tourist arrivals increasing by four and half times since 1990. Thailand is the dominant player in the GMS tourism sector, receiving over half of all international arrivals in 2007 and accounting for more than two thirds of total tourist expenditure in the subregion. Viet Nam accounted for 16% and Cambodia 9% of GMS tourist arrivals in 2007. The tourism sector also contributed significantly to the national economies of GMS countries.

The GMS tourism sector faces several important development challenges. One is the highly inequitable distribution of tourism benefits among GMS countries, within the borders of each country, and between urban and rural areas, with relatively little impact on the poor and socially disadvantaged groups. Another is the weak national and subregional organizational and human resource capacity for tourism planning, development, and management. Other constraints include (i) weak capacity for the development of subregional tour products and marketing programs; (ii) limited private sector participation in subregional tourism development, management, and marketing; (iii) insufficient tourism-related infrastructure to spread the benefits of tourism more widely; (iv) transport bottlenecks that impede cross-border travel; and (v) weak capacity for management of negative social impacts.

### **GMS Tourism Program**

In general, GMS tourism development policies over the last decade have shifted from simply attracting more tourists and promoting sector growth to emphasizing environmental and social issues. Priorities of earlier GMS national tourism development policies include (i) contributing to economic development, (ii) promoting the country and its products in the global marketplace, (iii) enhancing competitiveness in the tourism sector, and (iv) promoting cooperation with neighboring countries. Recently, priorities have become notably more pro poor

and include (i) managing and protecting the environment where the poor reside, and (ii) ensuring that tourism benefits are spread to the poor and vulnerable groups.

During the first 10 years of its existence, the GMS program did not have an explicit and integrated development strategy. In 2002, the GMS Strategic Framework (GMS-SF) was the first attempt by GMS countries to formulate and adopt, in broad terms, a subregional development planning framework to define the vision, goals, and strategic thrusts of GMS cooperation for 2002–2012. It envisages a GMS program that is more integrated, prosperous, and equitable, through (i) an enabling policy environment and effective infrastructure linkages to facilitate cross-border trade, investment, tourism, and other forms of economic cooperation; and (ii) the development of human resources and skills competencies. The GMS-SF identifies five strategic thrusts to be pursued to realize the vision and goals of subregional cooperation, and specifies 11 flagship programs, including regional tourism.

The initial years of the GMS tourism program focused on setting up the institutional structures for coordinating with development partners on tourism sector activities. A Tourism Working Group (TWG) comprising senior representatives of national tourism organizations (NTOs) was established in 1993, followed by a secretariat in ADB in 1997 to coordinate tourism plans in the subregion. In 2005, a GMS regional tourism sector strategy (RTSS) was formulated with the overall goal of developing and promoting the GMS as a single destination, offering a diversity of good quality products that would help to distribute the benefits of tourism more widely; add to the tourism development efforts of each GMS country; and contribute to poverty reduction, gender equality and empowerment of women, and sustainable development, while minimizing any adverse impacts. The RTSS envisages 29 tourism projects: 13 are spatial and 16 are thematic activities dealing with specific GMS-wide interventions. After the adoption of the RTSS, the Mekong Tourism Coordination Office (MTCO) was set up in Bangkok, Thailand, in February 2006. It acts as the TWG secretariat, providing technical support and coordinating its activities.

### **ADB's Tourism Strategy and Program**

Following the adoption of the GMS-SF in 2002, the GMS Regional Cooperation Strategy and Program (RCSP) was prepared, setting out ADB's strategy and program for the subregion. The overarching goal of the RCSP is to reduce poverty in the Mekong through the "3C" program vision of enhanced connectivity, increased competitiveness, and greater sense of community. Among the main sectors covered in the RCSP, tourism is the only one that is explicitly mentioned both in the overall GMS vision and in the first pillar of the GMS strategy. The RCSP identifies two key tourism strategy objectives: (i) to facilitate ease of movement of tourists to and through the region by way of a single-destination GMS visa; and (ii) to provide investments and other assistance needed to ensure access to major, culturally important tourist sites and to prevent environmental degradation.

To date, ADB has provided about \$38.2 million assistance for the GMS tourism industry; loans comprise 92% or \$35.0 million, and technical assistance (TA) \$3.2 million. ADB lending to the sector consists of three ongoing loans to Cambodia, Lao PDR, and Viet Nam under the GMS Mekong Tourism Development Project (MTDP), which aims to promote the development of tourism in the Mekong River basin. In addition, the GMS tourism sector received six TA projects (4% of total ADB TA to the GMS); five of these are complete. These addressed training, capacity building, preparation of a feasibility study of priority tourism infrastructure projects, and formulation of a GMS RTSS.

## Top–Down Assessment

The top–down assessment comprises four criteria (strategic assessment, institutional assessment, value addition, and ADB performance). Overall, the top–down assessment rates the GMS tourism sector strategy as “successful,” with some areas needing improvements.

**Strategic Assessment.** Overall, the strategic assessment rates the GMS tourism sector program “substantial” based on three criteria: (i) alignment of regional strategy to country and ADB priorities, (ii) positioning of the sector strategy and program, and (iii) coordination and complementarity. At the highest level of ADB priorities, tourism development per se was not included as a priority area or an area to exist from in the first long-term strategic framework for 2001-2015. However, it can be considered part of the sustainable economic growth core intervention area, which covers broad-based growth-promoting activities, including investments in physical and social infrastructure. It is also aligned with inclusive social development under the long-term strategic framework. Therefore, the three loan projects approved in 2002 are considered to be aligned with ADB’s higher level strategies at the time. Subsequently, tourism was not encouraged under the Medium-Term Strategy II for 2006–2008 as it was part of the industry sector which was classified under group III from which ADB was expected to gradually exit. Despite this, the GMS RCSP for 2004–2008 includes tourism among its thrusts, and RTSS follows the RCSP emphasis. Looking ahead, the *Strategy 2020* approved in 2007 does not specify tourism as a core area of ADB assistance. Therefore, for future operations in the sector, strategic alignment is not clear and management guidance on how to treat tourism sector under the *Strategy 2020* is needed.

The alignment between the RTSS and GMS member country strategies and programs have been fairly close because of TWG coordination work over the last 15 years. The RTSS has been relevant to the priority development needs of GMS countries and reflects the shift in country strategies from simply promoting sector growth to promoting growth along with a better distribution of benefits and an emphasis on poverty reduction. The GMS tourism program was also in line with ADB’s sector and thematic strategies, including the regional cooperation and integration strategy, the private sector development strategy, and the cofinancing strategy.

In terms of program positioning, subregional tourism investments have focused on infrastructure improvement, community-based tourism (CBT), private sector involvement in marketing and promotion, and mechanisms for greater subregional cooperation and movement of tourists across borders. Capacity-building efforts include tourism training and skills development and development of a regional tourism strategy. Both the investment and capacity-building efforts appropriately targeted several of the main sector development challenges. The sequencing of tourism sector activities is considered appropriate. Initial activities concentrated on seeking consensus on regional tourism strategies and approaches, followed by provision of capacity building in selected areas, provision of a first tourism development loan, formulation of an RTSS, and most recently setting up of an independent secretariat to coordinate regional tourism activities.

Coordination in the tourism sector among member countries has been good. The TWG has been an effective forum for bringing together the GMS countries and developing approaches to regional tourism. The GMS NTO staff appreciate the regularity of the TWG mechanism—it has met 21 times since its inception in 1995. However, until recently, MTCO was faced with serious staff constraints that hindered its ability to organize and coordinate regional activities. This has been partly alleviated with the appointment of a tourism development expert

financed by the Government of France. It is also expected that the appointment of a new executive director to MTCO in November 2008 will address some of these constraints.

**Institutional Assessment.** Overall, the institutional assessment rates the GMS tourism sector program “substantial” based on four criteria: (i) ownership, (ii) structural assessment, (iii) resource mobilization, and (iv) capacity building. In terms of the first criteria, GMS countries have generally demonstrated high ownership of tourism sector strategies, programs, and activities. This is demonstrated by active and sustained NTO participation in TWG meetings, contributions to formulating the RTSS, and individual commitments of GMS countries to implement selected priority projects in the RTSS. In the last few years, the NTOs have shown increased ownership by contributing financial resources and in-kind support for TWG and MTCO activities. Since 2006, they have financed the biannual TWG meetings. MTCO is currently wholly financed by the participating GMS countries and selected donor countries such as Thailand, with each GMS country contributing to MTCO’s operating expenses. In addition, certain MTCO activities derive funding support from various development partners. For instance, France and ADB are supporting four workshops being organized by MTCO to catalyze implementation of four priority projects under the RTSS.

The structural assessment focused on the review of various institutional and management structures of the GMS tourism program, including GMS government decision-making structures and the role of non-ADB supporting bodies. Institutional structures as well as the decision-making process on TWG program and sectoral priorities, and corresponding endorsements from more senior personnel were found effective.

In terms of resource mobilization, the tourism sector has benefited from considerable financial and in-kind contributions from GMS countries to finance TWG and MTCO operations. In addition, regional tourism TA projects have received considerable cofinancing. The Japan Special Fund provided a total of \$1.33 million of cofinancing for three of the six regional tourism TA projects.

Support to capacity building and sector work in the regional tourism sector has been modest. Three loans and six TA projects addressed sustainable tourism, river tourism infrastructure development, and tourism training and skills development and training programs. In terms of project outcomes, the TA that financed RTSS preparation fully met its expected outcome of preparing a 10-year subregional strategy and a 5-year action plan for the GMS. Nevertheless, more assistance is required for human resource development because of the poor quality of services in the GMS tourism industry (especially among small- and medium-sized tourism enterprises) and weak capacity of provincial and district tourism officials.

**Value Addition.** The implementation of tourism subprojects have been delayed in realizing planned outcomes. However, the GMS program has brought about regional collective actions geared for greater connectivity and integration of tourism plans, programs, and strategies among member countries. It has served as a platform for discussing mutual benefits that would otherwise not be available through national initiatives on tourism projects alone. Broadly, these include creation of external/extraboundary spillover effects or positive externalities through provision of public goods and services with transboundary implications, lowering of coordination or transactions costs, and capture of economies of scale. However, achievements of project components of subregional corporation for sustainable tourism has been slow. It appears that the sensitive political, security, legal, and financial issues have been underestimated.

The current asymmetric distribution of benefits and costs in the sector remains a challenge including the setting up of a mechanism that allows for fair distribution of costs and benefits. Furthermore, expanding the role of private sector provision of infrastructure and services through greater private–public partnership arrangements and bringing the poor into the mainstream of tourism development are areas that require greater attention. At present, the benefits of tourism largely bypass the majority of the poor in the GMS. Other models of tourism development are required that would involve poor local communities in the production of handicrafts and food, transportation, accommodation, and guiding services. Ecotourism has significant potential to reduce poverty because it is labor intensive, and uses the natural and cultural assets owned by the poor. However, progress in terms of CBT components has been mixed. While the implementation has progressed well in the Lao PDR, progress has been very slow in Viet Nam where it has only identified CBT projects, and Cambodia has implemented a few such CBT projects. The weak results-monitoring information system, especially data on tourists' expenditures, makes it difficult to draw a definitive conclusion on the extent to which program objectives are being achieved. Overall, the value addition of the GMS tourism sector is rated “modest.”

**ADB Performance.** ADB performance is assessed “substantial” based on five criteria: (i) adviser and “honest broker” support, (ii) institutional support—secretariat, (iii) capacity building, (iv) coordination with other development partners, and (v) portfolio management. ADB performed best with regard to coordination with other development partners. In particular, ADB and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) have worked together on the GMS regional tourism program since its inception, resulting in a strong partnership. The assessment found that ADB has played an effective role as catalyst and honest broker by bringing together various stakeholders to develop a consensus on areas of shared concerns in the GMS tourism sector. However, there has been very little synergy between ADB assistance to national and subregional projects (e.g., infrastructure and trade facilitation, cross-border agreements) and its assistance activities to the GMS tourism sector. Portfolio management has been a relatively weak area, particularly with regard to implementation of the Cambodia and Viet Nam loans under the MTDP.

### **Bottom–Up Assessment**

The bottom–up assessment comprises five criteria: relevance, effectiveness, efficiency, sustainability, and impact. The GMS tourism operation, comprising three loans and six TA grants, was evaluated. Overall, the bottom–up assessment rates the GMS tourism sector program as “successful,” but at the borderline with “partly successful.” Impact was not rated, since the loans are still ongoing.

**Relevance.** Relevance assesses the appropriateness of ADB's tourism sector assistance program and its design to achieve the intended benefits. At the time of their approval in 2002, the ADB loan projects on tourism were aligned with both the sustainable economic growth and the inclusive social development core strategic areas of intervention in the long-term strategic framework (2001–2015). Tourism development policies, strategies, and plans of individual GMS countries are generally aligned with ADB's country, sector, and thematic strategies in emphasizing pro-poor strategies that aim to harness tourism's development potential in support of poverty reduction. The design of ADB's regional tourism sector projects generally reflected this focus well. For example, the MTDP, which supported regional tourism development in Cambodia, Lao PDR, and Viet Nam, was consistent with the countries' tourism sector development plans and national policies and designed to address critical bottlenecks, such as poor infrastructure and costly border crossings due to stringent visa requirements.

However, delays and cancellation of some MTDP activities indicate that the project designs could have been improved to achieve the intended project objectives. By contrast, the six TA projects provided to the GMS tourism sector are assessed as highly relevant in their designs and well-formulated to achieve their intended benefits. Overall, the GMS tourism program is rated “relevant.”

**Effectiveness.** Effectiveness of ADB assistance to GMS tourism is assessed in terms of achievement of outcomes and outputs as set out in three loans under the MTDP, and in the six regional tourism TA projects. Since two of the three loans for the MTDP are ongoing, overall effectiveness assessment is based on available information. Generally, the assessment is that the Lao PDR loan is effective and the other two loans less effective. With regard to project outcomes under the three MTDP components, good progress has been made in achieving the outcomes under components A and B. However, component C is progressing more slowly. With regard to component A (tourism-related infrastructure improvements), all of the planned infrastructure subprojects under the Lao PDR loan are complete. Infrastructure subprojects under the Cambodia and Viet Nam loans have proceeded less smoothly, with one subproject canceled. Considerable progress has been achieved under component B (pro-poor CBT development), with the Lao PDR and Cambodia successfully implementing 22 tourism products; several of the envisaged subregional technical networking meetings were successfully held. Achievement of project outcomes under component C (subregional cooperation for sustainable tourism) has been somewhat slower than the other two components due to the need to achieve consensus and organize multicountry meetings. The regional tourism TA projects included four advisory TA projects designed to upgrade trainers’ skills, strengthen NTO training units, assist NTOs in evaluating the feasibility of developing the tourism potential of the Mekong River, and assist the GMS countries in preparing a subregional strategy and an action plan for a sustainable tourism sector. These TA projects fully accomplished their objectives upon completion. Overall, the GMS tourism program is rated “effective,” but at the borderline with “less effective.”

**Efficiency.** Assessment of the efficiency of ADB’s tourism operation for the GMS refers to the extent to which ADB resources were delivered on time and optimally utilized. The ongoing MTDP supported by ADB loans to Cambodia, Lao PDR, and Viet Nam has accomplished 84% overall project progress within 106% of the loan period. However, several subprojects have been delayed, particularly those in Cambodia for about 1 year and Viet Nam by about 2 years but they have resumed operations recently. The project in the Lao PDR was completed with a slight delay. With regard to the four completed TA projects, these were largely implemented without significant problems or delay. Overall, the GMS tourism operation is rated “efficient,” but at the borderline with “less efficient.”

**Sustainability.** Sustainability refers to the likelihood of maintaining achieved sector outcomes and outputs for a long period in view of perceived financial, environmental, political, and institutional risks. The MTDP design includes specific mechanisms to help ensure the sustainability of project outcome and outputs. For example, under the regional infrastructure component, operation and maintenance plans for various subprojects (e.g., the airport in Luang Namtha in the Lao PDR) were prepared and implemented. Under the pro-poor CBT component, partnerships with the private sector in several subproject communities are expected to ensure sustainability of investments. Moreover, all infrastructure subprojects have cost-recovery mechanisms as provided in the MTDP loan covenants. With measures in place to mitigate risks, sustainability of outcomes and outputs of ongoing tourism projects is deemed “likely.”

**Impact.** Impact refers to the contribution of ADB assistance to long-term changes in development conditions in the tourism sector and contribution to socioeconomic development in the GMS. At the time of approval, the MTDP was expected to yield the following impacts: (i) increased foreign exchange earnings from tourism, (ii) reduced poverty through increased economic growth and employment opportunities, and (iii) conservation of natural and cultural heritage sites. These broader long-term impacts cannot be established at this time, since the two out of three loans are not closed. However, indications of some benefits can be reviewed. First, foreign exchange earnings have steadily increased, particularly in the Lao PDR, where total gross revenues increased at tour destinations and for tour companies that received support from the MTDP. Similarly, based on recent surveys, incomes from tourism-related activities increased, although many beneficiaries are still not satisfied with the income gained. Growth in the movement of international tourists by road in the subregion particularly Cambodia, Lao PDR, and Viet Nam has been modest. No concrete evidence of likely reduced poverty arising from ADB-supported GMS tourism operations is available. As to the risks of increasing negative social and environmental impacts of tourism, a recent study notes that current negative impacts are still manageable, but these could increase in the long term. Since the tourism loan projects are still ongoing and direct evidence on development impact is not available, the impact of the tourism program was not rated.

## Overall Assessment

Based on separate successful assessments of strategic assessment, institutional assessment, value addition, and ADB performance, the top-down assessment of the tourism sector strategy program is rated “successful,” with some areas needing improvements. The bottom-up assessment of the tourism sector program is also rated “successful,” but at the borderline with “partly successful.” Overall, the sector assistance program evaluation assesses ADB assistance to the GMS tourism sector “successful.”

## Conclusions and Key Issues

The following are the main conclusions:

- (i) Support for tourism development projects has been an important GMS initiative because of their regional public good characteristics, location, history, and substantial development impact potential. However, since the loan projects are still under implementation, direct evidence on development impact is lacking, i.e., poverty reduction due to GMS tourism projects supported by ADB.
- (ii) The current operations of MTCO in terms of organization and coordination of regional activities have been hampered due to difficulties related to funding and staff constraints. MTCO needs additional staff and financial resources to meet the envisaged objectives indicated in the RTSS.
- (iii) The positive institutional experience of GMS country ownership of the TWG and MTCO was reviewed with a view to providing guidance on the adoption of similar mechanisms in other GMS sectors and other subregions. However, the tourism sector appears to be a special case and that the scope for replicating the institutional and self-financing mechanisms in other GMS sectors is limited. Indeed, in the case of MTCO, the advantages of strong country ownership under the current system appear to have been negated to a certain extent by current resource and staffing uncertainties.
- (iv) While ADB assistance has contributed to collective strategic discussions, planning and collective actions by GMS countries for tourism development value addition has been limited. Much needs to be done in terms of understanding the

important strategic and policy implications that can accompany tourism projects/initiatives such as cost of national policy changes and financial implications of operating and maintaining subregional tourism investments including cost-recovery issues. To be more effective, ADB should continue its intellectual leadership through the GMS by focusing more of its nonlending products and services on strengthening policy analysis and impact evaluation. This will enable ADB to be a more proactive participant in policy discourse, which has regional and sectoral significance.

- (v) ADB and UNESCAP have collaborated very well on the GMS regional tourism program since its inception. UNESCAP's local presence in the region provides a clear benefit, particularly during the early years of the tourism program. This close collaboration contributed to the efficiency of TWG operations and to making the GMS tourism sector one of the most active sectors in the GMS program.

A key issue facing future tourism operations is the need to clarify whether future tourism sector activities are covered by ADB's current high-level strategies. Tourism development per se was not included as one of the five core areas of operations in the new *Strategy 2020*, which is expected to account for 80% of ADB's aggregate operations by 2020. Until this is clarified, future relevance of the tourism sector remains unclear.

The following are the main lessons identified:

- (i) **Further simplification of visa and border-crossing arrangements is needed.** The RCSP and the RTSS may have underestimated the sensitive political, security, legal, and financial issues that needed to be sorted out by various ministries, including the ministries of foreign affairs and finance of each of the countries, before the single-entry visa could be put in place. The single-entry visa is now being pursued under the Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy, with Thailand and Cambodia piloting the scheme. To the extent possible, ADB should facilitate policy dialogue and related advisory assistance to GMS countries to facilitate single-visa and simplified border-crossing arrangements for international and regional tourists. Since the issue is related to cross-border agreement, it should be pursued in close conjunction with other GMS working groups such as transport and trade facilitation.
- (ii) **Developing community-based tourism is important.** Asymmetric distribution of benefits and costs in the tourism sector remains a challenge. At present, the benefits of tourism largely bypass the majority of poor in the GMS. New models of tourism development are required that involve poor local communities. These models should include the development of CBT products in areas attractive for tourists where the poor live, and the establishment of supply chains that increase the contribution of the tourism sector to the local economy.
- (iii) **Improving cross-sector coordination is essential to build synergies.** In the tourism sector, coordination among the member countries has been good. Nevertheless, efforts should be made to liaise more with international agencies such as ASEAN and WTO. Interagency, interdepartmental, and interdivision coordination within countries and ADB needs strengthening.
- (iv) **Analysis of demand for tourism is crucial.** Additionality in terms of country and subregional development outcomes and the rationale for regional public goods in GMS tourism programs has so far been moderate. This is may be partly because of the improper design of some regional tourism interventions. The MTDP feasibility study presented a supply-driven, engineering-based project design, with insufficient discussion of demand.

Following are the key recommendations:

Key Recommendations	Responsibility	Proposed Target Date
(i) <b>Clarify alignment with <i>Strategy 2020</i>.</b> Given that tourism is not specifically identified as a core area of operation in the <i>Strategy 2020</i> , Management guidance is needed on whether ADB should finance projects in the sector in the future (main text, para. 103).	SERD	Next RCSP
(ii) <b>Improve effectiveness of ADB assistance for tourism.</b> ADB should continue its intellectual leadership by focusing more on nonlending products and services geared to strengthen policy analysis and positioning of the tourism assistance (main text, para. 104).	ADB Management	2009
(iii) <b>Encompass all GMS members in tourism project initiatives.</b> Major project activities have so far been limited to just three GMS countries—Cambodia, Lao PDR, and Viet Nam. Additional modalities and approaches that would allow other GMS countries to be involved as well should be investigated (main text, para. 105).	SERD	Next RCSP
(iv) <b>Provide better opportunities for inclusiveness.</b> It is essential to build the capacity of public sector tourism officials, especially in the provinces that can have an impact on inclusiveness and poverty reduction (main text, para. 106).	SERD	Next RCSP

ADB = Asian Development Bank, GMS = Greater Mekong Subregion, Lao PDR = Lao People's Democratic Republic, RCSP = regional cooperation strategy and program, SERD = Southeast Asia Department.

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GREATER MEKONG SUBREGION  
**MEKONG TOURISM  
 DEVELOPMENT PROJECT**



Boundaries are not necessarily authoritative.

## I. INTRODUCTION

### A. Objective and Scope

1. The objective of this sector assistance program evaluation (SAPE) is to provide an independent assessment of Asian Development Bank (ADB) assistance to the tourism sector in the Greater Mekong Subregion (GMS), comprising Cambodia, Lao Peoples Democratic Republic (Lao PDR), Myanmar, Guangxi Zhuang Autonomous Region (GZAR) and Yunnan Province in the People's Republic of China (PRC), Thailand, and Viet Nam. The SAPE evaluates the performance of ADB assistance during 1992–2007,<sup>1</sup> identifies issues and lessons, and makes recommendations for improving current and future operations. The SAPE findings feed into the broader GMS regional cooperation assistance program evaluation (RCAPE) being carried out by the Operations Evaluation Department.

2. The SAPE coverage does not include Myanmar due to lack of access to relevant tourism sector data and the absence of ADB assistance. Even though the PRC occupies an important position in the GMS program, only one province (Yunnan) and one autonomous region (GZAR)<sup>2</sup> actually participate in the GMS program. Although the SAPE attempted to include analysis of Yunnan Province and GZAR tourism sector developments, this was constrained by difficulty in obtaining provincial and regional tourism data.

### B. Evaluation Framework and Methodology

3. The evaluation framework adopted for the GMS RCAPE applies equally to all the background papers that feed into the overall RCAPE.<sup>3</sup> This framework draws on the guidelines for preparing country assistance program evaluation reports<sup>4</sup> and follows a top–down and bottom–up approach. The top–down assessment comprises (i) strategy assessment, (ii) institutional assessment, (iii) assessment of value addition of the GMS program to the tourism sector, and (iv) assessment of ADB performance. The bottom–up assessment includes the standard evaluation criteria used to evaluate individual operations: relevance, effectiveness, efficiency, sustainability, and impact. The RCAPE evaluation approach paper provides more information on the evaluation framework.

4. In terms of methodology, the evaluation draws upon a review of ADB operations documents and other relevant studies, a review of the performance of the GMS tourism portfolio, and discussions with ADB staff and officials of government agencies concerned with the tourism sector. Two operations evaluation missions were undertaken during 2–12 March 2008 and 21 April–10 May 2008. The evaluation incorporates the results of the missions' interviews in Bangkok, Hanoi, Kunming, Phnom Penh, and Vientiane; and field inspections in Khammouane Province, Lao PDR, one of the project sites covered by the ADB tourism loan.

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<sup>1</sup> Although the SAPE covers 1992–2007, relatively more emphasis is placed on activities and developments since 1999, corresponding to the date of the previous GMS impact evaluation by the Operations Evaluation Department.

<sup>2</sup> GZAR joined the GMS program in 2005.

<sup>3</sup> The other background papers are (i) transport and trade facilitation, (ii) energy, (iii) capacity development, (iv) agriculture, (v) environment, and (vi) health and social sectors.

<sup>4</sup> ADB. 2006. *Guidelines for the Preparation of Country Assistance Program Evaluation Reports*. Manila.

### C. Findings of Earlier Evaluations of the GMS Program

5. In 1999, an impact evaluation study of the GMS program<sup>5</sup> was to identify lessons from the first 7 years of implementation. The study showed that overall progress was satisfactory, but raised concerns about the program's lack of focus and limitations on the availability of ADB resources for regional cooperation. With regard to the tourism sector, the study indicates that the GMS tourism programs played a critical catalytic role in the sector, through support of the subregional Tourism Working Group (TWG), provision of support for the private sector Mekong Tourism Forum, and direct funding of technical assistance (TA) projects. The study indicates that the activity-based approach of the GMS program contrasted favorably with the rule-based approach of other international organizations, such as the World Tourism Organization (WTO).

6. In 2007, the Southeast Asia Department undertook a midterm review of the 1992 GMS Strategic Framework (GMS-SF)<sup>6</sup> to identify lessons from the first 5 years of its implementation. The review concluded that the GMS program had "...made very good progress in the 'hardware' aspects of cooperation involving the first strategic thrusts of the GMS Strategic Framework, but less so in the 'software' components of cooperation involving the four other thrusts of the GMS-SF, especially in the measures necessary to enhance competitiveness and in activities addressing social and environmental issues in the GMS..." With regard to the tourism sector, the review found that considerable progress had been made in (i) placing the GMS on the global tourism map; (ii) building close alliances, strengthening ownership, and generating high-level support; and (iii) implementing the GMS regional tourism sector strategy (RTSS). The review highlighted four issues in the sector that need to be addressed: (i) prioritizing proposed projects in the RTSS; (ii) sustaining, restructuring, and streamlining operations of the Mekong Tourism Coordination Office (MTCO); (iii) facilitating travel through a GMS-wide visa; and (iv) energizing the annual Mekong tourism event. In the period since the review, progress has been made on the first issue and efforts are ongoing to address the second. Resolving the other issues will require more time.

## II. SECTOR CONTEXT

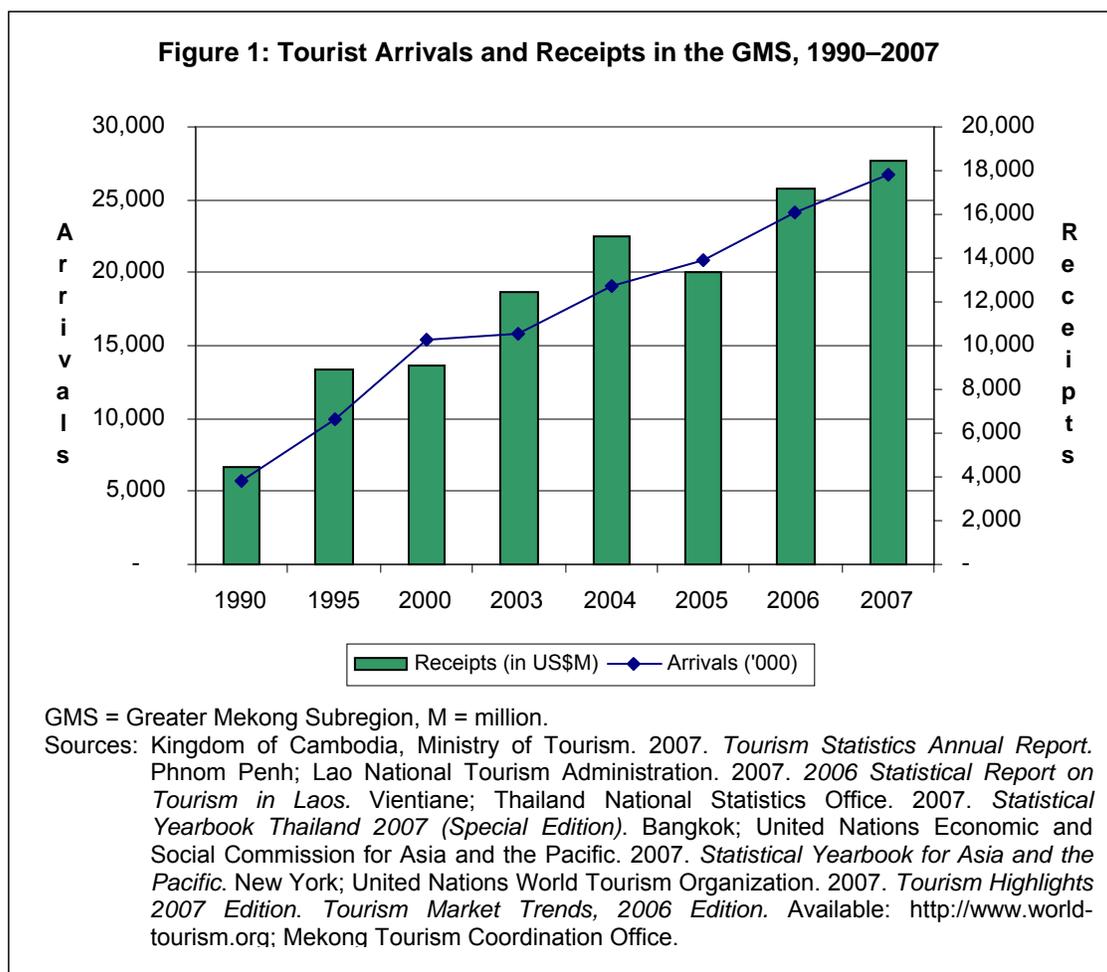
7. Tourism is one of the world's most dynamic sectors. Collectively, international tourism and international fare receipts represent approximately 7.3% of worldwide exports of goods and services. In terms of services exports, the share of tourism exports represents nearly 35% of total global services. Tourism has the potential to generate significant foreign exchange earnings. If harnessed effectively, it can be a driving force for poverty reduction and environmental protection by creating jobs, generating foreign exchange earnings, and enhancing economic values of natural and cultural heritage sites.

8. The GMS countries possess a wide range of attractive natural, cultural, and historical heritage tourism resources. These range from the Qinghai Plateau and associated mountain ranges in the north of Yunnan Province in the PRC and Myanmar; to forested mountains areas in Cambodia, Lao PDR, and Myanmar; to the United Nations Educational, Scientific, and Cultural Organization (UNESCO) World Heritage sites, such as Angkor Wat in Cambodia; and the long coastline and numerous islands of the South China Sea, Gulf of Thailand, and Andaman Sea.

<sup>5</sup> ADB. 1999. *Impact Evaluation Study of the Asian Development Bank's Program of Subregional Economic Cooperation in the Greater Mekong Subregion*. Manila.

<sup>6</sup> ADB. 2007. *Midterm Review of the Greater Mekong Subregion Strategic Framework (2002–2012)*. Manila.

9. In 2007, GMS tourism resources attracted about 27 million international tourists and generated \$15.6 billion in receipts. This represented nearly 3% of the 898 million international tourist arrivals and around 1.5% of the \$1,009 billion in global receipts in 2007. Moreover, tourist arrivals have been increasing—by four and half times since 1990 (Figure 1). The increase of international tourist arrivals in GMS countries continued in 2004 (by 22%) and 2005 (9%), despite threats of epidemics and the aftermath of the Asian tsunami.



10. Thailand is the dominant player in the GMS tourism sector, capturing 54% of all international arrivals in 2007 and accounting for almost 65% of total tourist expenditure in the subregion. Viet Nam accounted for 16% and Cambodia 9% of tourism arrivals in 2007. Thailand's prominence is a result of Bangkok's role as a major global international aviation hub, its excellent land transportation infrastructure, proximity to the surrounding GMS countries as well as Malaysia and Singapore, and willingness to sustain its investment in a marketing program.

11. The tourism sector has made significant contributions to the national economies. For the GMS region as a whole, tourism's share of gross domestic product (GDP) averaged 12% in 2006. During 2000–2007, tourism's share of GDP in the Lao PDR averaged 10.8%, and in Viet Nam 12.2%. During 2001–2007, tourism's share of GDP in Thailand was even more significant, averaging about 14.9%. Likewise, tourism contributes a significant share to the provincial economy of Yunnan Province, averaging 12.5% during 2000–2006.

12. Estimates based on the WTO<sup>7</sup> Tourism 2020 Vision forecast that international arrivals will reach over 1.6 billion by 2020. Of these, 1.2 billion will be from within the region and 378 million from outside. East Asia and the Pacific (including the GMS region) is forecast to record average annual growth of 6.5% during 1995–2020, compared with the world average of 4.1%. Total tourist arrivals by region shows that by 2020 the top three receiving regions will be Europe (717 million tourists), East Asia and the Pacific (397 million), and the Americas (282 million); followed by Africa, the Middle East, and South Asia. Appendix 1 provides a more detailed overview of the GMS tourism sector, with a focus on regional tourism.

### **A. Development Challenges**

13. As indicated above, tourism development has contributed to the recent fast-paced economic development in the GMS. Growth prospects for international tourism look promising in the short and medium-term. To realize this potential, ADB assisted GMS countries to formulate the GMS RTSS in 2005.<sup>8</sup> The RTSS sets out several important development challenges in the sector.

14. The RTSS identifies one of the main challenges as the highly inequitable distribution of tourism benefits between GMS countries, within the borders of each country, and between urban and rural areas, with relatively little impact on the poor and socially disadvantaged groups. Thailand, with the greatest share of tourism benefits in the subregion, has successfully created strong linkages between tourism and other production sectors, such as agriculture, fishing, and manufacturing. Thus, it has been able to service almost all the needs (food, beverage, tourism commodities, materials, transport, and other goods and services) of tourists from domestic, rather than foreign, sources. By contrast, the other GMS countries have significantly higher economic leakages in the tourism sector—they tend to be more import-based in tourism-related products and services.

15. Another challenge is the weak organizational and human resource capacities for sustainable tourism planning, development, and management at the national and subregional levels. In terms of organizational capacity, recent organizational initiatives to create tourism marketing boards in Cambodia, Lao PDR, and Viet Nam<sup>9</sup> have already had a positive effect. However, industry associations should be given more responsibility to regulate the activities of their members. In terms of human resource capacity, the skills of national tourism organization (NTO) staff should be upgraded in the areas of tourism policy, planning, programming, pro-poor tourism development, and international cooperation and coordination. In addition, the technical skills of staff involved in the management of sustainable natural and cultural heritage sites needs to be upgraded. Coordination of heritage protection and tourism development programs should also be improved. In the private sector, the challenge will be in educating and training a number of sufficiently qualified hospitality and tourism staff to service the expected growth of tourism in the subregion. An organized framework for subregional tourism training and education is needed.

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<sup>7</sup> WTO. 2008. Available: <http://www.world-tourism.org>. WTO compiles statistics from all countries, and periodically undertakes more detailed analyses of regional tourism market trends. Country statistics primarily come from immigration department records. Intraregional and domestic statistics vary in availability and quality. Included in its Tourism 2020 Vision are quantitative forecasts for 2010 and 2020, with 1995 as the base year.

<sup>8</sup> ADB. 2005. *The Greater Mekong Subregion Tourism Sector Strategy*. Manila.

<sup>9</sup> ADB. 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Greater Mekong Subregion for the Mekong Tourism Development Project*. Manila. The creation of marketing boards form part of the capacity-building component.

16. The RTSS also describes the following important challenges:
- (i) **Weak capacity for the development of subregional tour products and marketing programs.** In particular, NTOs have not taken full advantage of the benefits of a subregional approach; capacity for product development, presentation, and quality assurance is uneven.
  - (ii) **Limited private sector participation in subregional tourism development, management, and marketing.** In general, policies to increase private sector participation are either not in place or, if in place, are not being implemented. Employment opportunities for women in poor communities are limited.
  - (iii) **Tourism-related infrastructure is insufficient to spread the benefits of tourism more widely and to protect heritage resources.** In particular, feeder roads from gateways to secondary destinations and environmental management infrastructure in heritage sites and key tourist areas are lacking.
  - (iv) **Structural constraints are impeding cross-border travel.** Such constraints include limited number of border facilities offering visas on arrival, poor quality of border facilities and services, and absence of data systems to collect and process data on subregional tourism flows and impacts.
  - (v) **Weak capacity for management of negative social impacts.** Currently, no common legal framework is in place to prevent human trafficking and regulate entertainment workers.

## B. Government Strategies and Plans

17. In general, GMS tourism development policies over the last decade have shifted from simply attracting more tourists and promoting sector growth to a greater emphasis on environmental protection and social issues. Priorities of earlier GMS national tourism development policies included (i) contributing to economic development, (ii) promoting the country and its products in the global marketplace, (iii) enhancing competitiveness in the tourism sector, and (iv) promoting cooperation with neighboring countries. More recently, specific priorities have become notably more pro-poor and include (i) managing and protecting the environment where the poor reside, and (ii) ensuring that tourism benefits are spread to poor and vulnerable groups. Table 1 summarizes the main strategic priorities and Appendix 2 provides a detailed description of regional and national strategies and plans.

**Table 1: Greater Mekong Subregion National Tourism Strategies**

<b>Country, Province, Region</b>	<b>Tourism Strategic Priorities</b>
Cambodia	<ul style="list-style-type: none"> <li>• Develop natural resources and cultural environment for ecotourism</li> <li>• Promote markets, infrastructure, and services</li> <li>• Develop human resources</li> </ul>
Guangxi Zhuang Autonomous Region and Yunnan Province, People's Republic of China	<ul style="list-style-type: none"> <li>• Develop tourist services and focus on creating famous brand names for tourism products</li> <li>• Transform and upgrade institutional structures and enhance quality and efficiency</li> <li>• Support organizational and individual investments in developing tourism resources and managing tourism services</li> </ul>
Lao People's Democratic Republic	<ul style="list-style-type: none"> <li>• Improve governance, planning, and research</li> <li>• Manage and protect the environment</li> <li>• Diversify products based on the country's unique natural attractions</li> <li>• Ensure equitable distribution of benefits, to include remote and minority communities</li> </ul>

Country, Province, Region	Tourism Strategic Priorities
Myanmar	<ul style="list-style-type: none"> <li>• Develop intraregional and interregional tourism</li> <li>• Develop quality products and services</li> <li>• Enhance international competitiveness</li> <li>• Manage and protect the environment</li> <li>• Develop an integrated tourism management system, which includes increasing the competency of the Ministry of Tourism; promoting efficiency; and reforming rules and regulations</li> </ul>
Thailand	
Viet Nam	<ul style="list-style-type: none"> <li>• Effectively utilize natural resources, and protect and conserve cultural heritage to attract tourists</li> <li>• Upgrade tourism infrastructure</li> </ul>

Sources: Development Analysis Network. 2007. *Pro-Poor Tourism in the Greater Mekong Subregion*. Phnom Penh; Mekong Tourism Coordination Office (MTCO). 2006. *Report on the 17<sup>th</sup> Meeting of the Working Group on the Greater Mekong Subregion Tourism Sector*. Louangphrabang; MTCO. 2007. *Cambodia, Laos and Viet Nam Will Enhance Tourism Cooperation*. Bangkok; Lao National Tourism Administration. 2005. *National Tourism Development Strategy for Lao PDR 2005–2015*. Vientiane; and Viet Nam National Administration of Tourism. 2002. *Strategy for Tourism Development in Viet Nam, from 2001–10*. Hanoi.

### C. GMS Regional Cooperation Strategies and Plans

18. For the first 10 years of its existence, the GMS program did not have an explicit and integrated development strategy. The initial years of cooperation focused on confidence building through specific programs and project activities. Accordingly, what the GMS had were agreements on sector approaches and priority programs and projects, rather than a comprehensive strategic framework for subregional development.

19. The GMS-SF is the first attempt by the GMS countries to formulate and adopt a broad subregional development planning framework. It defined the vision, goals, and strategic thrusts of GMS cooperation for 2002–2012. It envisages “a GMS program that is more integrated, prosperous, and equitable.” This is expected to be achieved through (i) an enabling policy environment and effective infrastructure linkages that will facilitate cross-border trade, investment, tourism, and other forms of economic cooperation; and (ii) the development of human resource and skills competencies. It also aims to ensure that the development process would be sustainable, and environment and social interests fully respected in formulating and implementing the GMS program. The GMS-SF identifies five strategic thrusts to be pursued to realize the vision and goals of subregional cooperation and specifies 11 flagship programs, including regional tourism.

20. The initial years of the GMS tourism program focused on setting up institutional structures for coordinating with development partners on tourism sector activities. A TWG comprising senior NTO representatives was established in 1993, followed by a secretariat in 1997, to coordinate plans to develop and promote the subregion as a tourism destination. In 2005, the RTSS was formulated with the overall goal of developing and promoting the GMS as a single destination, offering a diversity of good quality products that will help to distribute the benefits of tourism more widely; add to the tourism development efforts of each GMS country; and contribute to poverty reduction, gender equality, empowerment of women, and sustainable development, while minimizing adverse impacts. The RTSS envisages 29 tourism projects, 13 are spatial in nature dealing with the planning and development of priority tourism zones (e.g., Mekong River Tourism Corridor, Golden Quadrangle Tourism Corridor, East–West Tourism Corridor), and 16 are thematic activities (e.g., training and capacity building, pro-poor tourism, GMS visa) dealing with specific GMS-wide interventions. During discussions, NTO staff indicated that the formulation process of the RTSS was inclusive and that the process reflected the priorities of the GMS countries, rather than being solely ADB-driven.

21. Since the adoption of the RTSS, key institutional arrangements to help promote the GMS as a single tourist destination have been put in place including the establishment of the MTCO in Bangkok. Set up in February 2008, MTCO was to replace the Agency for Coordinating Mekong Tourism Activities<sup>10</sup> with seed funding from the GMS TWG. It acts as the TWG Secretariat by providing technical support and coordinating its activities, but operates wholly independently of ADB. MTCO has two primary functions: (i) development: coordinating sustainable pro-poor tourism development projects in the GMS in line with the United Nations Millennium Development Goals, and (ii) marketing: promoting the GMS region as a single travel and tourism destination under the brand “Mekong Tourism.”<sup>11</sup> In addition, it plans annual Mekong tourism forums to attract investments from the private sector and to assess mechanisms, including partnerships between the public and private sectors and communities; and promote sustainable subregional tourism development.

22. Since the formulation of the RTSS, some progress has been made in moving the RTSS agenda forward. First, a GMS country has been designated as lead country for each of the 29 tourism projects envisaged by the RTSS. Second, a reprioritization exercise designates four high priority projects and three medium-priority projects for implementation during 2008–2010:

- (i) **Marketing and product development.** Foster the development of multicountry tourism in the subregion by stimulating demand from appropriate high-yield markets and products through joint promotional activities.
- (ii) **Human resource development.** Upgrade the skills of tourism leaders and tourism trainers in the subregion.
- (iii) **Heritage conservation and social impact management.** Promote higher standards in managing natural and cultural resources for conservation and tourism purposes, and enhance measures to manage the negative social impacts of tourism.
- (iv) **Pro-poor tourism development.** Help reduce the incidence of poverty and increase rural incomes in poor areas.
- (v) **Private sector participation.** Encourage private sector participation and partnerships in planning, investment, and marketing of tourism.
- (vi) **Facilitate the movement of tourists.** Identify and address impediments to travel to and within the subregion.
- (vii) **Develop tourism-related infrastructure.** Jointly plan and develop tourism infrastructure to ensure a wider distribution of tourism benefits and support to pro-poor tourism development in designated priority zones.

23. Third, MTCO organized four workshops during September–November 2008 to catalyze implementation of four priority projects under the RTSS. These include vocational training for master trainers and trainers, a focus on small- and medium-sized hospitality enterprises, pro-poor tourism, and public–private community partnerships.

24. Varying degrees of progress have been made in each of these areas. While progress in marketing and pro-poor tourism has been good, progress in private sector participation and

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<sup>10</sup> The Agency for Coordinating Mekong Tourism Activities was established in 1997 as a unit within the Tourism Authority of Thailand in Bangkok to act as a secretariat in implementing the regional activities of the GMS TWG. Since the agency received a large part of its financing from Tourism Authority of Thailand, concerns were raised that the initiative might be perceived to be more Thai-driven rather than GMS-driven (although the agency was considered to be laudable in terms of undertaking initiatives that the other national tourism authorities could not afford).

<sup>11</sup> Available: [www.mekongtourism.org](http://www.mekongtourism.org)

facilitation of tourist movement has been slower. Appendix 3 provides an overview of the progress achieved to date on the priority regional tourism projects.

25. In terms of GMS-wide plans, two reporting mechanisms were introduced to help track project activities under each of the GMS sectors. First, the GMS plan of action, introduced as an initiative of the GMS ministers following the 2004 GMS Ministerial Conference, was recently updated for the third GMS Summit in March 2008. The plan defines program priority projects and implementation time frames. The latest plan of action<sup>12</sup> incorporates sector action plans for the second half of GMS-SF implementation (2008–2012). Second, the GMS development matrix, is a publicity tool designed to provide information on GMS projects, assist planning, and help mobilize investment resources for the GMS program. The matrix provides information on sector and priority-based activities, project descriptions, type of project (TA or loan), project costs, countries involved, stages of implementation, and whether projects are (or will be) publicly or privately financed. The development matrix initiative was first identified in the GMS-SF, and the projects selected for inclusion in the matrix are those identified by the sector working groups. The matrix is updated regularly and is available on the ADB GMS website.<sup>13</sup>

## **D. ADB Strategies and Program**

### **1. ADB Strategy**

26. Since 2001, ADB operations have been guided by its long- and medium-term strategic frameworks, which are intended to help ADB respond to the challenges of poverty and to help achieve the Millennium Development Goals in the Asia and Pacific region. The two long-term strategic frameworks were approved in 2001<sup>14</sup> and 2008<sup>15</sup> and the two medium-term frameworks in 2001<sup>16</sup> and 2006.<sup>17</sup>

27. As in the case of GMS countries (para. 20), initially, ADB did not have an explicit and coherent regional development strategy for the GMS. Following adoption of the GMS-SF in 2002, the GMS Regional Cooperation Strategy and Program (RCSP)<sup>18</sup> was prepared, which set out ADB's strategy and program for the subregion. The RCSP was to be implemented through 11 flagship programs. The overarching goal of the RCSP is to reduce poverty in the GMS. This is envisaged as happening through the "3C" program vision of enhanced connectivity, increased competitiveness, and greater sense of community. The RCSP discusses the role of transport, telecommunications, and power systems infrastructure in achieving physical integration. It suggests that greater physical connectivity will lead to better access to markets, and seeks to promote competitiveness through the provision of "software" to facilitate trade, investment, and movement across borders.

<sup>12</sup> GMS. 2008. *Greater Mekong Subregion: Vientiane Plan of Action 2008–2012*. Vientiane.

<sup>13</sup> Available: <http://www.adb.org/GMS/Projects/devmatrix.asp>

<sup>14</sup> ADB. 2001. *Moving the Poverty Reduction Agenda Forward in Asia and the Pacific: The Long-Term Strategic Framework of the Asian Development Bank (2001–2015)*. Manila.

<sup>15</sup> ADB. 2008. *Strategy 2020: the Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila.

<sup>16</sup> ADB. 2001. *Medium-Term Strategy (2001–2005)*. Manila.

<sup>17</sup> ADB. 2006. *Medium-Term Strategy (2006–2008)*. Manila.

<sup>18</sup> ADB. 2004. *Greater Mekong Subregion Cooperation Strategy and Program 2004–2008*. Manila.

28. Among the main sectors covered in the RCSP, tourism is the only one explicitly mentioned both as an element of the overall GMS vision<sup>19</sup> and in the first pillar.<sup>20</sup> The RCSP has two key tourism strategy objectives: (i) to facilitate ease of movement of tourists to and through the region by way of a single-destination GMS visa, and (ii) to provide investment and other assistance needed to ensure access to major tourist sites and to protect these from environmental degradation.

## 2. ADB Program

29. ADB assistance to GMS countries is carried out through national programs and the GMS regional cooperation program. While the GMS program is guided by the GMS-SF and RCSP, country programs are guided by country partnership strategies (previously country strategies and programs). While the partnership strategy documents focus only on country operations, they make explicit and extensive references to the role of the regional program in country operations. Given that lending and project implementation occur on a country level, determining what a GMS project is and how such projects are linked to country-based projects can be difficult. Under the GMS program, a project is determined to be regional if it has been discussed by the respective GMS working groups and/or included in the respective GMS sector strategy or as defined in the *Operations Manual*.<sup>21</sup> Often, this means that a project will be based nationally but listed as a GMS project as it has perceived subregional dimensions. Such projects align with country partnership strategies (or country strategies and programs if they are yet to be updated) as well as the GMS RCSP, and are usually mentioned in both documents. Projects in the GMS development matrix all have this feature. The GMS RCSP proposes a tourism sector assistance program consisting of three projects for a total of \$41.7 million during 2004–2006: (i) GMS Tourism Sector Strategy Study (\$800,000, 2004 advisory TA); (ii) Pro-Poor Tourism Development (\$900,000, 2005 project preparatory TA); and (iii) Pro-Poor Tourism Development Project, comprising loans to Cambodia, Lao PDR, and Viet Nam (\$40 million, from 2006 loan).

30. A second loan for the GMS Sustainable Tourism Development Project was approved in October 2008.<sup>22</sup> A TA to prepare a third loan is included in the 2011 project pipeline.<sup>23</sup>

## E. ADB Assistance for the GMS Program

31. ADB has provided the bulk of development support for the GMS tourism industry. To date, ADB has provided \$38.2 million: 92% or \$35.0 million as loans, and \$3.2 million as TA. ADB lending to the sector comprises three ongoing loans to Cambodia, Lao PDR, and Viet Nam under the GMS Mekong Tourism Development Project (MTDP) (footnote 9). The project aims to promote the development of tourism in the lower Mekong River basin through four components: (i) tourism-related infrastructure improvements; (ii) pro-poor, community-based tourism (CBT)

<sup>19</sup> Footnote 18, para. 71: "... the GMS program will contribute to realizing the potential of the subregion through (a) an enabling policy environment and effective connectivity that will facilitate cross-border trade, investment, tourism, and other forms of economic cooperation..."

<sup>20</sup> Footnote 18, para 75: "... ADB's strategy for the 2004–2008 period supports pro-poor and sustainable growth through... (i) strengthening connectivity and facilitating cross-border movement and tourism..."

<sup>21</sup> ADB. 2008. *Operations Manual: Policies and Procedures*. Section B1 (Regional Cooperation and Integration), Operations Procedures, para. 12. The World Bank's definition of a regional project is an undertaking that is intended to accomplish one or more development objectives in three or more countries in the same region or contiguous regions and that involves regular interaction among the participating countries. Purely bilateral programs involving only two countries are not included in the World Bank's definition.

<sup>22</sup> ADB. 2008. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Greater Mekong Subregion for the Sustainable Tourism Development Project*. Manila.

<sup>23</sup> ADB. 2008. *GMS: Regional Cooperation Operations Business Plan, 2009–2011*. Manila.

development; (iii) subregional cooperation for sustainable tourism; and (iv) implementation assistance and institutional strengthening. These loans, which are all funded through the Asian Development Fund, comprise merely 1% of total ADB loan assistance to the GMS.

32. The GMS tourism sector has so far received six TA projects<sup>24</sup> or 4% of the total 146 TA projects ADB has provided to the GMS (Table 2). Five are complete, and addressed training, capacity building, preparation of a feasibility study of priority tourism infrastructure projects, and formulation of a GMS RTSS. The TA to prepare a sustainable tourism development project was to be completed by April 2008, but was extended. Appendix 4 provides details of project implementation and lessons.

**Table 2: Asian Development Bank Loans and TA Projects to Tourism in the GMS**

Item	Cambodia	Lao PDR	Viet Nam	GMS Tourism	Total GMS
<b>a. Loans</b>					
Approved loans (number)	1	1	1	3	34
Amount (\$ million)	15.6	10.9	8.5	35.0	3,426.0
% of total tourism loans	44.6	31.1	24.3	100.0	
% of total GMS loans	0.5	0.3	0.2	1.0	100.0
<b>b. TA</b>					
Approved TA (number)				6	146
% of total GMS TA				4.1	
Amount (\$ million)				3.2	75.8
% of total GMS TA				4.2	100.0

GMS = Greater Mekong Subregion, Lao PDR = People's Democratic Republic, TA = technical assistance.

Source: Asian Development Bank project database.

## F. Strategies and Plans of Other Development Partners

33. Among the multilateral development partners, the Association of Southeast Asian Nations (ASEAN), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and WTO are the most active in regional tourism development in the GMS countries. The ASEAN-sponsored ASEAN Tourism Forum, inaugurated in 1981 and comprising 10 member countries,<sup>25</sup> has promoted the region as a major tourist destination and established itself as one of the industry's major tourism events. Other major integration-related economic activities include the Visit ASEAN Campaign and the private sector-led ASEAN Hip-Hop Pass to promote intra-ASEAN tourism. During 1996–2006, UNESCAP took responsibility for the organization and financing of the TWG meetings and was a key partner in promoting regional tourism development. WTO has been active in the GMS and individual countries through its community-based ecotourism projects, and assistance in the development of tourism statistics and tourism satellite accounts. Among the bilateral donors, the European Union, governments of France and Japan, and the Netherlands Development Organization have been the most active. Appendix 5 summarizes the tourism sector activities of the development partners.

<sup>24</sup> ADB. 1997. *Technical Assistance to the Greater Mekong Subregion for the Mekong–Lancang River Tourism Planning Study*. Manila; ADB. 1998. *Technical Assistance to the Greater Mekong Subregion for Tourism Skills Development in Greater the Mekong Subregion*. Manila; ADB. 1999. *Technical Assistance to the Greater Mekong Subregion for Mekong-Lancang River Tourism Infrastructure Development*. Manila; ADB. 2000. *Technical Assistance to Cambodia for Building Capacity in Tourism Policy*. Manila; and ADB. 2004. *Technical Assistance for the Greater Mekong Subregion Tourism Sector Strategy*. Manila.

<sup>25</sup> Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam.

### III. STRATEGIC AND INSTITUTIONAL (TOP-DOWN) ASSESSMENT

34. The top-down assessment comprises four criteria: strategic assessment, institutional assessment, value addition, and ADB performance. Overall, the top-down assessment rates the GMS tourism sector strategy “successful,” with some areas needing improvements. Performance assessment summaries are shown in section V.

#### A. Strategic Assessment

##### 1. Alignment of Regional Sector Strategy with Country and ADB Priorities

35. The alignment of the GMS RTSS with the needs and priorities of GMS countries (para. 17 and Appendix 2) and with ADB priorities (paras. 26–28) is rated “substantial.” In general, the RTSS is aligned closely with the various ADB country strategies and programs, because of the strong coordination efforts by the TWG during the last 15 years. The RTSS was highly relevant to the priority development needs of the GMS countries and reflected the shift in the country strategies from simply promoting sector growth to promoting growth along with a better distribution of benefits and an emphasis on poverty reduction. Earlier assistance focused mainly on infrastructure development, marketing, and skills development. More recently, closer attention has been paid to CBT development, and other forms of pro-poor tourism development that aim to spread the benefits of tourism development more equitably.

36. Tourism development per se was not included as a priority area or an area to exist from in the first long-term strategic framework for 2001–2015 (footnote 14). However, it can be considered part of the sustainable economic growth core intervention area, which covers broad-based growth-promoting activities, including investments in physical and social infrastructure. It is also aligned with inclusive social development under the long-term strategic framework. Therefore, the three MTDP loans approved in 2002 are considered to be aligned with ADB’s higher level strategies at the time. Subsequently, tourism was not encouraged under the Medium-Term Strategy II for 2006–2008 as it was part of the industry sector,<sup>26</sup> which was classified under group III from which ADB was expected to gradually exit. Despite this, the GMS RCSP for 2004–2008 includes tourism among its thrusts and RTSS follows the RCSP emphasis. The *Strategy 2020* approved in 2007 does not specify tourism as a core area of ADB assistance. However, many of the tourism activities overlap with three of the new main core areas of *Strategy 2020* (footnote 15) (infrastructure, environment, and regional cooperation and integration). The *Strategy 2020* recommends that 80% of ADB’s aggregate operations fall within core areas, with the remainder in three other areas where its presence is needed. Therefore, for future operations in the sector, strategic alignment is not clear and management guidance on how to treat tourism sector under the *Strategy 2020* is needed. Meanwhile, infrastructure and trade facilitation, including simplification of border formalities, are being addressed under transport and trade facilitation projects supported by ADB under national and GMS programs.

37. Despite the ambiguity of tourism sector alignment with ADB’s higher level strategy, the GMS tourism program is in line with ADB’s sector and thematic strategies. Regional and subregional economic cooperation programs (cross-border infrastructure and related software)

<sup>26</sup> ADB’s project databases classify tourism projects under industry and trade/industry. However, in practice tourism is more akin to the multisector classification as it includes several subsectors such as transport (airports, roads, river infrastructure); urban development (wastewater treatment); and environmental improvement. In the GMS RCSP, tourism is classified under social infrastructure, while in the regular annual updates of the RCSP, it is classified under industry and trade.

form the first pillar of ADB's Regional Cooperation and Integration Strategy.<sup>27</sup> The GMS program, GMS RTSS, and ADB's RCSP are all in line with the Regional Cooperation and Integration Strategy. The strategy emphasizes the role of physical connectivity as a result of a combination of cross-border hard infrastructure and related software, comprising harmonization of regulations, procedures, and standards. The GMS tourism program is also in line with the private sector development strategy<sup>28</sup> and cofinancing strategy,<sup>29</sup> which call for ADB to facilitate effective partnerships between public and private investors in countries and sectors with a basis for commercial participation, but where the private sector may be reluctant to invest on its own.

38. However, RCSP's stated tourism sector objectives could have been better formulated. The two stated objectives (para. 28) were too narrowly defined and neglected important areas, such as the importance of ensuring the equitable distribution of tourism benefits. Although poverty reduction was the RCSP's overarching goal, the tourism sector objectives could have better reflected ADB's overarching goal of poverty reduction as embodied in its poverty reduction strategy.<sup>30</sup> By contrast, the RTSS was well aligned with ADB's poverty focus. Although it was listed as a key RCSP objective and a priority for the GMS RTSS, the GMS tourism program was unable to make significant progress on the single-entry visa issue. It is now being pursued under the Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy, with Thailand and Cambodia piloting the scheme. The RCSP and the RTSS may have underestimated the sensitive political, security, legal, and financial issues that need to be sorted out by various ministries, including the ministries of foreign affairs and finance of each of the countries, before the single-entry visa could be put in place.

## **2. Positioning of the Sector Strategy and Program**

39. In terms of program positioning, regional tourism investments have mainly focused on infrastructure improvement, CBT, private sector involvement in marketing and promotion, and mechanisms for greater subregional cooperation and movement of tourists across borders. Capacity-building efforts have focused on sustainable tourism, tourism training and skills development, and development of an RTSS. Both the investment and capacity-building efforts correctly targeted several of the main development challenges in the sector (paras. 13–16). The sequencing of tourism sector activities is considered appropriate with initial activities concentrating on seeking consensus on regional tourism strategies and approaches, followed by provision of capacity building in selected areas, provision of a first tourism development loan, formulation of an RTSS, and most recently setting up of an independent secretariat to coordinate regional tourism activities.

## **3. Coordination and Complementarity**

40. The program is rated "substantial" for coordination and complementarity. Coordination in the tourism sector among member countries has been good. The GMS's TWG has been an effective forum for bringing together GMS countries and developing approaches to regional tourism. The GMS NTO staff appreciated the regularity of the TWG mechanism—the TWG has met 21 times since inception in 1995. Unlike the working group meetings of other sectors normally financed by ADB, since 2006 the biyearly TWG meetings have been financed by NTOs

<sup>27</sup> ADB. 2006. *Regional Cooperation and Integration Strategy*. Manila.

<sup>28</sup> ADB. 2000. *Private Sector Development Strategy*. Manila.

<sup>29</sup> ADB. 1995. *The Bank's Cofinancing Strategy*. Manila.

<sup>30</sup> ADB. 1999. *The Poverty Reduction Strategy of the Asian Development Bank*. Manila; ADB. 2004. *Enhancing the Fight Against Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank*. Manila.

of the participating GMS countries. Coordination between ADB, TWG, and other development partners<sup>31</sup> involved in the tourism sector, such as UNESCAP, has been excellent.

41. Since 2006, MTCO has been responsible for coordinating regional tourism activities in the GMS (para. 21). Given its relatively short track record, the success of MTCO's coordination efforts cannot yet be evaluated. However, in general, activity seems to have increased since the appointment of a tourism development expert financed by the Government of France to assist with overall tourism development project coordination and implementation. For example, in developing the recent GMS tourism marketing and tourism development action plans, MTCO held extensive consultations with stakeholders and experts in the subregion. The GMS Tourism Ministers' Meeting in Bangkok in January 2008 endorsed the action plans. MTCO is also engaging a private sector advisory group, comprising representatives from the GMS tourism industry, in its tourism promotion activities. Recently, MTCO has been facing funding and staff constraints that hinder its ability to organize and coordinate regional activities (Box 1). These constraints have been partly mitigated by support from Government of Thailand and continued backstop support provided by the ADB GMS Secretariat. With the appointment of the Executive Director for MTCO in November 2008, it is expected that some of these difficulties would be addressed in the near future.

#### **Box 1: Constraints Faced by the Mekong Tourism Coordination Office**

The Mekong Tourism Coordination Office (MTCO), established in February 2006, acts as the secretariat of the Greater Mekong Subregion (GMS) Tourism Working Group. MTCO is currently staffed by a project coordinator, a senior advisor (marketing), and an assistant. In terms of staffing, MTCO had difficulty filling the position of executive director, which remained vacant for 19 months before being filled in November 2008. Another issue relates to the secondment of staff from each of the national tourism organizations (NTOs) to MTCO. This is envisaged as a means of promoting close contact between the NTOs and MTCO, but the NTOs have been reluctant to pursue this option. Consequently, until recently, MTCO has found itself seriously short of staff.

MTCO also faces serious financial constraints. At the time of formulating the regional tourism sector strategy, MTCO's activities were expected to be financed by the participating GMS countries and private sector donations. In practice, however, the expected private sector assistance has not materialized and MTCO has had to rely on the regular annual contributions of \$15,000 from each of the GMS countries. As of June 2008, MTCO has accumulated assets of \$157,000, which include the 2008 contributions received from three GMS countries, with the contributions from the other three countries still being awaited. MTCO has been quite conservative with its expenses. The Marketing Fund of \$25,000, which was transferred from the Tourism Authority of Thailand, representing leftover funds for marketing activities before the MTCO was organized, remains untouched; although MTCO recently made some suggestions on how to put these funds to good use. Indications are that the business community remains interested at being involved in tourism marketing activities, but not in supporting the operating expenses of MTCO.

Source: Operations Evaluation Mission.

42. In providing integrated tourism infrastructure assistance covering roads, airports, urban environment improvements, and river tourism development in eight provinces in three GMS countries, ADB has aimed to optimize potential synergies among the separate infrastructure subsectors. However, little evidence suggests that these synergistic benefits have outweighed the heavy administrative burden placed on the respective NTOs to coordinate activities among several disparate subsectors. Substantial delays in project implementation have been experienced in Cambodia and Viet Nam, which are at least partly due to the inability of the NTOs to coordinate the subsector activities.

<sup>31</sup> Regular members of the TWG include UNESCAP, the Netherlands Development Organization (Stichting Nederlandse Vrijwilligers [SNV]), Pacific Asia Travel Association, and UNESCO.

## **B. Institutional Assessment of the Sector**

### **1. Ownership**

43. Ownership of the program is rated “high.” The GMS countries have generally demonstrated very high ownership of RTSS, programs, and activities. This is shown by the active and sustained participation of the NTOs in the TWG meetings, strong contribution of the NTOs in the formulation of the RTSS, and individual commitment of the GMS countries to implement selected priority projects in the RTSS.

44. In the last few years, the NTOs have shown heightened ownership by contributing financial resources and in-kind support for TWG and MTCO activities. Since 2006, the NTOs have financed the biannual TWG meetings, with each country covering the travel and accommodation costs of its own participants and the host country shouldering the venue-related costs of the meeting. Similarly, MTCO is currently wholly financed by the participating GMS countries and selected donor countries such as Thailand, with each GMS country contributing to MTCO’s operating expenses. In addition, certain, MTCO activities derive funding support from various development partners. For instance, France and ADB are supporting four workshops being organized by MTCO to catalyze implementation of four priority projects under the RTSS.

### **2. Structural Assessment**

45. In terms of its structural features, the program is rated “substantial.” Decisions around GMS program planning and policy occur through a series of GMS government representation, progressing from sector working groups and sector forums to meetings of senior officials, to the ministerial level, and finally (since 2002) to the heads of government through the GMS summits. The general process for decision making entails development of detailed sector strategies, action plans, and projects by working groups and forums, which are then forwarded to meetings of senior officials for review and eventual endorsement to GMS ministerial meetings or summits. Projects or activities may be proposed and vetoed by country representatives at any stage along the line. The TWG has provided primary guidance for regional tourism work, and met continuously since its inception in 1995. It comprises senior NTO officials from each of the GMS countries and by all accounts has done an excellent job of coordinating tourism sector activities.

46. In addition to the TWG and the higher GMS structures (para. 44), MTCO coordinates tourism projects and carries out marketing activities (paras. 21, 41 and Box 1).

47. **Decision-Making Principles and Dynamics.** Since the GMS program’s inception, general principles for decision making have been adopted to ensure that program activities can proceed without requiring full consensus from each GMS government. ADB explicitly states that the program is not a rules-based setup and that it intends to operate in a flexible environment to enable things to move forward. The “two plus” principle allows two or more countries to cooperate on a regional initiative, even if other countries are not yet ready to participate. This principle was put to use in the case of the MTDP, the system wherein decision making over program and sector priorities is largely made at the TWG with endorsement from higher levels appears to have worked very efficiently.

48. **Interprogram Coordination.** An issue related to decision making is the nature and degree of intersectoral communication and information sharing within the GMS program. Reports have noted little interaction between different sectors and their working groups (footnote 5). More recently, the GMS Secretariat has been attempting to address this problem through initiatives such as the GMS newsletter and cross-representation on sector working

groups (e.g., the TWG is closely coordinating through joint planning meetings with the GMS Environment Operations Center, which serves as the central secretariat for the GMS Working Group on Environment regarding environmental sustainability issues affecting tourism sites). In addition, the TWG held a joint meeting with its counterpart from the South Asia Subregional Economic Cooperation Program to mutually learn and share experiences on their respective thrusts and programs under their respective RTSS. Interprogram coordination is expected to be enhanced by the adoption of an “economic corridor” approach, whereby various sector working groups will be represented on the proposed economic corridor forum. This is an important initiative, because the trade facilitation sector, and in particular cross-border activities, has a significant bearing on the work of the tourism sector.

### 3. Resource Mobilization

49. The program is rated “substantial” for resource mobilization. The tourism sector has benefited from considerable amounts of financial and in-kind contributions from GMS countries to finance the workings of the TWG and MTCO (Box 1). At the time of formulating the RTSS, MTCO’s activities were expected to be financed by the participating GMS countries and via private sector donations. In practice, however, the expected private sector assistance has not materialized and MTCO has had to rely on contributions by the GMS countries (particularly Thailand, which is providing the office space and utilities) and the Government of France. Once fully-staffed, MTCO should redouble its efforts to secure the needed private sector financing.

50. Regional tourism TA projects have received considerable cofinancing; the Japan Special Fund provided \$1.3 million to cofinance three of the six regional tourism TA projects. Other cofinanciers are (i) the Tourism Authority of Thailand, which provided \$10,000 for the Tourism Skills Development TA; and (ii) WTO, which financed some activities initiated by ADB projects, including the Mekong dolphin initiatives in Cambodia and a seminar on tourism statistics. However, aside from Japan Special Fund resources, relatively few donor trust funds include tourism development among their priority sectors. The guidelines for the Japan Fund for Poverty Reduction grants exclude tourism projects.<sup>32</sup>

### 4. Capacity Building

51. The program is rated “modest” for capacity building. There has been some support to capacity building and sector work in regional tourism. A small part of the three regional loans and six regional TA projects addressed institutional strengthening and skills development training programs. The MTDP sought to promote the development of the tourism sector in the Mekong Basin through CBT, private sector involvement in marketing and promotion, and mechanisms for greater subregional cooperation and movement of tourists across borders.<sup>33</sup> Through the GMS Phnom Penh Plan for Development Management, training courses for mid-level GMS public officials on tourism management were conducted. Other activities include a tourism investment summit, a Mekong tourism round table conference, a tourism small- and medium-sized enterprise forum, and various training workshops.<sup>34</sup>

<sup>32</sup> Government of Japan. 2008. *2008 Guidelines and Operating Procedures for Application, Approval and Execution of JFPR [Japan Fund for Poverty Reduction] Grants*. Available: <http://www.adb.org/JFPR/JFPR-Guidelines-2008.pdf>

<sup>33</sup> The newly approved GMS Sustainable Tourism Development Project (footnote 22) will include support for capacity-building programs and improvement of community-operated tourist facilities and services along the GMS economic corridors that will bring economic benefits to local communities.

<sup>34</sup> Future projects listed under the tourism sector in the GMS development matrix include projects identifying specific areas for tourism development (some associated with economic corridors); a range of studies relating to sustainable and pro-poor tourism development; projects associated with human resource development, capacity building, and training; marketing and product development; and heritage conservation and social impact management.

52. Results from capacity-building component have already been substantial. Most notably, the TA that financed preparation of the RTSS fully met its expected outcome of preparing a 10-year subregional strategy and a 5-year action plan for the GMS. Other TA outputs include basic and advanced skills training, assistance to the NTOs to strengthen training units, and development of a regional program to train trainers in tourism. Aside from ADB, other development partners, such as UNESCAP, UNESCO, Government of France, Netherlands Development Organization, and Japan International Cooperation Agency have provided support for tourism capacity-building activities. Nevertheless, more assistance is required for human resource development.

53. Despite these activities, the quality of services in the GMS tourism industry, especially among the tourism small- and medium-sized enterprises, is generally poor. The capacities of provincial and district tourism officials are weak. Most officials in provincial and district tourism offices lack the necessary knowledge to undertake basic tourism planning, marketing, regulatory, and monitoring functions; and to mainstream poverty reduction into their plans. Managers of tourism heritage sites do not have the competencies needed to manage sites on a sustainable basis. The educational institutions responsible for improving the knowledge of tourism public sector officials lack the training programs and trainers required to strengthen capacities in these areas. Unless effectively addressed, these problems threaten the competitiveness and sustainability of the tourism sector.

54. The institutional assessment of the GMS tourism sector is rated “substantial,” considering the high degree of ownership, substantial structural arrangements, substantial, resource mobilization, and modest capacity building.

### **C. Value Addition of the GMS Program to the Tourism Sector**

55. The GMS program’s role in tourism development has brought about regional collective actions needed for greater connectivity and integration of tourism plans, programs, and strategies among the GMS countries. The GMS has served as a platform, resulting in mutual benefits that would otherwise not be available through national initiatives on tourism or projects alone. Broadly, these include creation of external/extraboundary spillover effects or positive externalities through provision of public goods and services with transboundary implications, lowering of coordination or transaction costs, and capture of economies of scale. However, the weak results-monitoring information system, especially data on tourists’ expenditures, creates difficulties for drawing a definitive conclusion on the extent to which program objectives are being met. Although a clear assessment cannot yet be made, implementation of the tourism subprojects appears to likely remain largely on track, which will lead to realizing planned outcomes. For example, in the case of the GMS MTDP in the Lao PDR, total gross revenues at tour destinations and for tour company branches that received support from the Project increased from \$490,000 in 2005 to \$801,000 in 2006.

56. The GMS program has been the main institutional arrangement supporting the identification of a common opportunity (e.g., tourism potential of a particular site) and the search for a collective solution, which in turn would lead to the provision of tourism-related initiatives in a multicountry setting. For example, the GMS has been in the forefront of identifying ways to strengthen management mechanisms that would help preserve and protect the Mekong River, its environs, and its cultural and historical heritage. Provision of public goods and services such as tourism site improvements (e.g., preservation of natural and cultural heritage assets) will help to market the region as a whole and increase the chance that tourists will visit other neighboring

countries. GMS tourism initiatives, including forums and policy dialogue, help facilitate the deliberation of issues of concern behind borders, at borders, and beyond borders, and how these could be addressed with a combination of country and regional initiatives. A national tourism board has been established in each participating country. These will help bring together the private and public sectors for tourism development in the areas of marketing, promotion, and legislation.

57. The GMS program has facilitated understanding of the nature, scale, and timing of investment costs and benefits to participating countries, including major participants or stakeholders, and reconciling different interests and priorities. This facilitative role has contributed to reducing coordination failures and the attendant transactions costs among participating countries. Policy implications and political economy considerations of tourism-related efforts, including the need for convergence and harmonization in a few areas such as tourism statistics and preparation of tourism accounts, have been addressed under the GMS. Initiatives that may need additional attention include resolving issues and harmonizing processes connected with cost and revenue sharing, customs, immigration, and simplification of administrative procedures.

58. The GMS program has identified areas for improving scale and competition by integrating infrastructure, markets, and related factor flows. For instance, common human resource development activities have been implemented to improve capacities in the GMS tourism sector. Despite many years of intervention in the sector, the current asymmetric distribution of benefits and costs in the sector remains a challenge including the setting up of a mechanism that allows for fair distribution of costs across countries. Furthermore, expanding the role of private sector provision of infrastructure and services through greater private–public partnership arrangements and bringing the poor into the mainstream of tourism development are areas that require greater attention. At present, the benefits of tourism largely bypass the majority of the poor in the GMS. Models of tourism development are required that would involve poor local communities in the production of handicrafts and food, transportation, accommodation, and guiding services. These models should include development of CBT products where the poor reside, and establishment of supply chains that increase the contribution of the tourism sector to the local economy. Ecotourism has significant potential to reduce poverty because it is labor intensive, and uses the natural and cultural assets owned by the poor.

59. Much needs to be done in terms of understanding the important strategic and policy implications that can accompany tourism projects and initiatives, such as cost of national policy changes and financial implications of operating and maintaining subregional tourism investments including cost-recovery issues. To be more effective, ADB should continue its intellectual leadership through the GMS by focusing more of its nonlending products and services on strengthening policy analysis and impact evaluation. This will enable ADB to be a more proactive participant in regional and sectoral policy discourse. Overall, the value addition of the GMS program to the tourism sector is rated “modest.”

#### **D. Asian Development Bank Performance**

60. ADB performance was assessed following five criteria: (i) adviser and honest-broker support, (ii) institutional support–secretariat, (iii) capacity building, (iv) coordination with other development partners, and (v) portfolio management.

##### **1. Adviser and Honest-Broker Support**

61. This is rated “substantial.” ADB has played an effective role as catalyst and honest broker, bringing together different stakeholders to achieve consensus on areas of shared

concern in the GMS tourism sector. TWG meetings have served a useful role in facilitating discussion between governments, and providing continuity and coherence to the tourism programs. While ultimate decisions on the various elements of the tourism program were made at various levels within GMS member countries, ADB's role as a mediator has been important in ensuring that the program moves forward. ADB has also exercised a significant and appropriate degree of advisory influence in determining program directions and options through advisory and technical studies.

## **2. Institutional Support–Secretariat**

62. This is rated “substantial.” ADB's GMS Secretariat has acted as secretariat for the tourism sector program for most of the period since its inception in 1995<sup>35</sup> and has been instrumental in providing support to the GMS national coordinating committees in each of the GMS countries. Its role as overall program coordinator has been crucial in ensuring continuous progress, coherence, and coordination among the nine GMS sector programs and 11 flagship projects. Its tourism-related work has been normally handled by ADB staff with the help of a local headquarters-based staff consultant; this seems to have been a reasonably appropriate arrangement.

63. Although the work accomplished by the secretariat is generally highly valued, several GMS national coordinators indicated that they would appreciate receiving GMS Secretariat assistance to enhance the capacity of their respective GMS national coordinating committees and to better liaise with various sector working groups, and other stakeholders in the country as well as across the GMS region.

## **3. Capacity Building**

64. As mentioned in paras. 51–54, despite substantial capacity development efforts in the tourism sector, the overall rating was “modest.” Resources mobilized by ADB included ADB staff and international experts under the nine approved regional tourism projects.

## **4. Coordination with Other Development Partners**

65. This is rated “substantial.” Relatively few development partners are involved in the GMS tourism sector (para. 33). Among the partners, ADB and UNESCAP have worked closely on the GMS regional tourism program since its inception; this has been a particularly strong partnership. UNESCAP is based in Bangkok and could easily liaise with the GMS countries and other regional tourism forums in the region before ADB set up its resident mission. This proved beneficial, particularly in the early years of the tourism program. Since 2006, both UNESCAP and ADB have “stepped back” to allow greater GMS country ownership in the functioning of the TWG and MTCO. However, regular discussion of issues of mutual interest are still taking place.

66. Since 2006, ADB has been actively promoting the GMS tourism program to other development partners, including the private sector, bilateral donor agencies, and international agencies in order to generate support for the program. As part of this effort, development partner meetings have been held since 2003 as part of GMS ministerial meetings or standalone events. These meetings are meant to update partners and seek support for activities under the GMS tourism program, but as yet little evidence is available that they have been successful. However, little synergy can be identified between ADB assistance to national and subregional

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<sup>35</sup> In February 2006, MTCO took over the secretariat function from the GMS Secretariat. MTCO's performance in this role cannot yet be assessed.

projects (e.g., infrastructure and trade facilitation, cross-border agreements) and to assistance activities for the GMS tourism sector.

## **5. Portfolio Management**

67. This is rated “modest,” mainly on the basis of implementation of the MTDP loan, which comprises separate loans to Cambodia, Lao PDR, and Viet Nam. While the Lao PDR loan has been completed more-or-less on schedule, the Cambodia and Viet Nam loans have had implementation delays. For example, initial implementation of the Cambodia loan was very slow because of significant delay in the detailed design and procurement for the wastewater management system in Siem Reap and Rattanakiri airport, and cost overrun. Subsequently, a change of project scope was approved canceling the Stung Treng airport improvement subproject and extending the loan closing date by 30 months to 30 June 2010. Physical progress for the loans is estimated at 57% against an average elapsed implementation period of 84%. Similarly, the Viet Nam loan has experienced implementation delays with physical progress estimated at 65% against the elapsed implementation period of 80%. In early 2008, the loan closing date was extended by 1 year to 30 June 2009, and administration of the project has been delegated to the Viet Nam Resident Mission.

68. ADB’s performance is rated “substantial” based on its successful performance as honest broker, secretarial support and coordination with other development partners’ roles, and modest capacity building and portfolio management role.

## **IV. BOTTOM-UP ASSESSMENT OF THE SECTOR PROGRAM**

69. This bottom-up assessment of ADB assistance to the GMS tourism sector employs the five evaluation criteria of relevance, effectiveness, efficiency, sustainability, and impact. The assessment covers three loans and six TA projects. Ongoing project evaluation is based on currently available information in reports and recommendations of the President, back-to-office reports, and available project administration indicators. Upon completion of the projects, their evaluation ratings may change. Overall, the bottom-up assessment rates ADB’s assistance “successful,” but at the borderline with “partly successful.” Impact of the tourism program was not rated since the tourism loans are still ongoing. Performance assessment summaries are shown in section V.

### **A. Relevance**

70. Relevance assesses the appropriateness of ADB’s tourism sector assistance program and its design to achieve the intended benefits. It examines whether the project strategies pursued by ADB (i) are compatible with and complementary to national development plans and programs of the evolving economies of the GMS; (ii) are compatible with ADB’s country strategies and programs, and with the mission of ADB in general; (iii) focus on issues that can be addressed only regionally and are built on regional consensus; (iv) support and complement essential sector policy and institutional reforms; and (v) utilize ADB’s comparative assistance advantage in the sector, and in harmonizing and coordinating with other development partners.

71. At the time of their approval in 2002, the ADB loans on tourism were aligned with both the sustainable economic growth and the inclusive social development core strategic areas of intervention in the long-term strategic framework (2001–2015). Tourism development policies, strategies, and plans of individual GMS countries are also giving increasing attention to issues such as poverty reduction, community development, and equitable distribution of tourism

benefits. ADB's country, sector, and thematic strategies emphasize similar pro-poor strategies that aim to harness tourism's development potential in support of poverty reduction. The design of ADB's regional tourism sector projects has generally reflected this strategic shift. In particular, the MTDP supported regional tourism development in Cambodia, Lao PDR, and Viet Nam, which was in line with the governments' overall economic agendas, as well as consistent with the countries' tourism sector development plans and national policies (Appendix 2).

72. The MTDP is designed to address critical bottlenecks that impede tourism and development, such as tourist flows to the subregion. The MTDP is aimed at addressing key deterrents such as poor infrastructure and costly border crossings due to visa requirements. These are expected to be accomplished through the MTDP's three-pronged approach of (i) improving tourism-related infrastructure; (ii) providing support to pro-poor, CBT projects; and (iii) promoting subregional cooperation through private sector participation in tourism marketing and promotion, and establishing mechanisms to increase and facilitate the movement of tourists across borders. These components are compatible and relevant to the promotion of the subregion as a single tourist destination. However, delays and cancellation of some activities (para. 78) indicates that the project designs could have been improved to achieve the intended project objectives.

73. In the MTDP, analysis of demand was limited to a general assessment of the likelihood of future growth in tourism demand in the region. However, the project was intended to support investment in a number of specific subprojects for which no analysis of potential demand was undertaken. The project preparatory TA's feasibility study presented a supply-driven engineering-based project design, with insufficient discussion of demand. Lack of resources prevented any significant improvements being made to this situation during project processing.<sup>36</sup>

74. The six TA provided to the GMS tourism sector are assessed "highly relevant" in that their designs were well formulated to achieve their intended benefits. Two of the TA projects aimed at building the strategic and planning capacity for regional tourism development, including formulating an overall RTSS and evaluating the feasibility of developing the tourism potential of the Mekong River. Another two TA projects complemented these activities by building capacity and improving tourism skills in the GMS. Finally, two TA projects were geared to prepare investment projects to be financed by ADB. In general, the six TA projects addressed issues that need to be undertaken regionally and were built on regional consensus. The capacity-building TA projects generally supported and complemented the two policy and planning TA projects.

75. The regional tourism program is rated "relevant" based on the highly relevant rating for the TA projects and the relevant rating for the loans.

## **B. Effectiveness**

76. Effectiveness of ADB assistance to GMS tourism is assessed in terms of likely achievement of outcomes and outputs set out in the ongoing MTDP and the six regional tourism TA projects.

77. The MTDP consists of three separate loans (to Cambodia, Lao PDR, and Viet Nam), each comprises three components and a number of subprojects. The Lao PDR loan was completed in June 2008 with only a slight implementation delay over the envisaged schedule. A

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<sup>36</sup> ADB. 2003. *Economic Analysis in 2002: A Retrospective*. Manila.

recent Lao PDR government project completion report<sup>37</sup> indicates good progress on all components and subprojects have resumed after implementation delays encountered in the past. Since the Cambodia and Viet Nam loans are still ongoing, definite conclusions cannot be made on their effectiveness in achieving their intended outcomes.

78. Many of the planned tourism-related infrastructure subprojects (MTDP, component A) are complete, albeit with delays. In the Lao PDR, all subprojects have been completed as scheduled,<sup>38</sup> including upgrading of Luang Namtha Airport and construction of access roads to tourism attractions in Khammouane and Louangphrabang provinces. In Cambodia, an access road to the Genocide Memorial in Phnom Penh is complete and has resulted in doubling the number of tourists. Planned construction to improve the Siem Reap wastewater management system and Rattanakiri airport are under way. These were delayed due to slow design preparation and procurement during the earlier phase of the subprojects. Cost overrun in the Siem Reap wastewater management system required a major change in project scope including the cancellation of the Stung Treng Airport upgrading subproject.<sup>39</sup> In Viet Nam, most of the civil works contracts have been awarded, particularly for the tourist river piers development subprojects in An Giang and Tien Giang provinces, and solid waste management and small wastewater management subprojects. However, because of more than 2 years delay in the procurement of civil works and overall implementation, the project period was extended by 1 year up to 2009.

79. Considerable progress has been achieved under component B (pro-poor CBT development) of the MTDP. Networking meetings on pro-poor tourism have been undertaken to exchange good practices, share experiences, and discuss technical issues to assist the NTOs in designing, preparing, implementing, and evaluating pro-poor, CBT projects. Thus far, subregional technical meetings have been useful particularly in providing opportunities to share good practices and in creating a certain amount of competition in project implementation among the three participating countries. The Lao PDR has implemented 17 CBT products, which have produced impressive development impacts.<sup>40</sup> Likewise, Cambodia has made progress in its CBT activities, such as the development and implementation of five tourism products with the assistance of specialized nongovernment organizations that supported the provincial tourism offices in Stung Treng and Rattanakiri. Meanwhile, Viet Nam's progress has been more modest; its outputs consist mainly in the identification of five CBT products and a few training workshops conducted in An Giang and Tien Giang provinces.

80. Achievement of project outcomes under component C (subregional cooperation for sustainable tourism) of the MTDP has been somewhat slower than the other two components due to the need to reach consensus and organize multicountry meetings.<sup>41</sup> Nevertheless, significant national progress has been achieved, with subregional cooperation being slower, but still satisfactory. Main activities successfully implemented include (i) preparation of a subregional guide for socially responsible tourism; (ii) improvement of tourism facilities at border posts and training of immigration officers to deal with tourists in Cambodia and the Lao PDR;

<sup>37</sup> Lao National Tourism Administration. 2008. *Project Completion Report: Mekong Tourism Development Project in the Lao PDR*. Manila. Vientiane. Draft Final Report (30 June).

<sup>38</sup> By 30 June 2008, a slight delay of 6 months from the original closing date of 31 December 2007.

<sup>39</sup> The project was extended by 2 years up to 2010 to complete the subproject in Siem Reap and the construction of Rattanakiri airport, a delay of about 30 months.

<sup>40</sup> The 17 CBT products implemented by the Lao PDR in 16 destinations in four provinces were estimated to have direct benefits for the project of more than \$300,000 and a total impact of \$1.6 million; these are expected to increase significantly in the coming years (back-to-office-report, 12 December 2007).

<sup>41</sup> From ADB Southeast Asia Department Social Sectors Division (back-to-office-report, 5 October 2007).

(iii) preparation of draft decrees in each country to establish national tourism marketing and promotion boards; (iv) establishment of hotel classification systems in the Lao PDR and Cambodia, and holding of seminars to establish a common system; (v) subregional workshops to harmonize GMS tourism statistics and initiate preparation of tourism accounts; and (vi) implementation of common human resource development activities to improve capacities in the GMS tourism sector.

81. The six TA projects provided to the GMS tourism sector comprised four advisory TA projects designed to upgrade trainers' skills, strengthen NTO training units, assist NTOs in evaluating the feasibility of developing the tourism potential of the Mekong River, and help the GMS countries prepare a subregional strategy and action plan for sustainable tourism. Five of these TA projects were successfully completed with objectives fully accomplished. For example, under the Mekong (Lancang) River Tourism Planning Study TA, NTOs were provided assistance in evaluating the feasibility of developing the tourism potential of the Mekong River in a manner that promotes cooperation among subregional countries, and protects the physical and cultural environment. The tourism development projects and investment opportunities in each of the river segments were identified and presented including a summary of projects and estimated costs. A participatory planning assessment of the Mekong (Lancang) River's tourism potential was completed in enough detail to greatly facilitate preparation of a project feasibility study. Awareness of the tourism potential of the river was significantly raised among industry circles, especially those interested in investing in infrastructure facilities. Issues connected with cost and revenue sharing, customs and quarantine, immigration, airline liberalization, and simplification of administrative processes were highlighted and reviewed with the participants for early resolution by governments concerned. This TA also validated some design assumptions. The TA's participatory nature was crucial to its success—the planning workshops, field surveys, and focus group discussions ensured that all stakeholders' views were integrated. Also, considerable planning was undertaken in advance of the TA through the involvement of the NTOs and tourism industry in drafting the terms of reference of the study and in carefully structuring the work plan. These were two major factors enhancing the TA's value. The remaining two TA projects provided were project preparatory TA—one resulted in the GMS MTDP and the other in a proposed loan and grant.<sup>42</sup>

82. Although still ongoing, the MTDP's progress to date has been mixed. Implementation of project outputs from the Lao PDR subprojects have been achieved. However, subprojects in Cambodia and Viet Nam have resumed only after some delays. Likewise, in terms of the MTDP components, progress in tourism-related infrastructure and pro-poor CBT components has been significantly better than on the subregional cooperation component. On the positive side, five of the six regional tourism TA projects were successfully completed with objectives fully accomplished. Overall, regional tourism operations are rated "effective" but close to the borderline between effective and less effective.

### **C. Efficiency**

83. Efficiency of ADB's tourism program for the GMS refers to the extent to which ADB resources have been delivered on time and optimally utilized. It is based mainly on

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<sup>42</sup> The first is the Mekong/Lancang River Tourism Infrastructure Development TA, which resulted in the GMS MTDP (Loans 1969–1971); the second is TA for Preparing the Sustainable Tourism Development (formerly Pro-Poor Tourism Development) Project, which led to the preparation of the project (Loan 2456) to Viet Nam for the GMS Sustainable Tourism Development Project (formerly, GMS Pro-poor Tourism) and a proposed grant to the Lao PDR (0117).

implementation progress of the ongoing MTDP and how the completed TA projects were undertaken, particularly the timeliness of the achievement of outputs.

84. The ongoing MTDP in general has several accomplishments (84% physical completion against 106% elapsed loan period). However, a number of subprojects have been delayed, particularly those in Viet Nam for 2 years and Cambodia for about a year, but work has resumed in these two countries. In the Lao PDR, the project was completed with a slight delay. Initial project implementation was very slow in Cambodia because of the significant delay in the detailed design and procurement of the wastewater management system in Siem Reap and Rattanakiri airport, and the cost overrun for the former. The Government of Cambodia took considerable time to decide to proceed with the Rattanakiri airport improvement due to lack of sufficient funds as a result of the cost overrun of the Siem Reap wastewater management subproject. Implementation progress accelerated after the award of the construction contract for the Siem Reap subproject and the decision to continue with the Rattanakiri airport subproject. Project progress has also been very slow in Viet Nam, reportedly due to the weak capacity of the project coordination unit and the project management unit. Leadership in the project coordination unit changed three times within 3 years and turnover of management and support staff in the project management units has been high. However, efforts are being continued to complete tourism-related infrastructure components (part A). Meetings of the subregional project steering committee were reportedly very useful and created a “certain level of competition in project implementation among the participating countries,” developed opportunities for participants to learn from each other on technical and procedural issues, and increased cooperation in the sector within the GMS. Overall, implementation progress of MTDP subprojects is partly satisfactory.

85. Meanwhile, four of the completed TA projects provided to the sector are rated “successful,” and one “highly successful.” The majority of these TA projects (four of six) were advisory TA projects supporting program loans and strengthening NTO capacity, which could be a contributing factor to the achievement of outcomes of the MTDP loans. The TA completion reports, TA performance reports, and available back-to-office reports indicate that these TA projects were implemented without significant problems and delay. However, lessons that could improve TA implementation include (i) coordination arrangements should be formalized and well understood by all concerned at special meetings organized by ADB in the field; (ii) common training needs of NTOs in the subregion are best met by a regional approach, which allows the participants to learn the latest techniques in a subregional context and setting; and (iii) two major factors enhancing the value of regional TA are the (a) participatory nature that ensured all stakeholders’ views were integrated, and (b) considerable planning undertaken ahead of the TA involving the NTOs and the tourism industry in drafting terms of reference of the study and carefully structuring the work plan. Moreover, the completed TA projects while able to achieve the expected outputs, had undisbursed funds averaging 7% of the total approved. Overall, the GMS tourism program is rated “efficient” bordering on “less efficient.”

#### **D. Sustainability**

86. Sustainability refers to the likelihood of maintaining achieved sector outcomes and outputs in view of the perceived financial, environmental, political, and institutional risks.

87. The MTDP design included specific mechanisms to help ensure sustainability of the project outcome and outputs. For example, under the regional infrastructure component, operation and maintenance plans for various subprojects (e.g., the airport in Luang Namtha in the Lao PDR) were prepared and implemented. Likewise, partnerships with the private sector in

several subproject communities are expected to ensure sustainability of investments under the pro-poor CBT component. Moreover, all infrastructure subprojects have cost-recovery mechanisms as provided in the MTDP's loan covenants. Under the MTDP, two risks were identified: (i) lack of executing agency experience in project management and lack of effective coordination of the NTOs, other line agencies, provincial authorities, and consultants; and (ii) inadequate counterpart funding.<sup>43</sup> Institutional weaknesses are being mitigated through continuous ADB assistance to the executing agencies in procurement and other arrangements in project implementation, and through greater coordination particularly in the Lao PDR and Viet Nam where the national project steering committee is functioning well. Counterpart funding from the governments of the Lao PDR and Viet Nam remains adequate, while the Cambodian Government has not yet fully followed through on its commitment to provide funds for its subprojects. With measures in place to mitigate risks, sustainability of outcomes and outputs of ongoing tourism projects are deemed "likely."

## **E. Impact**

88. Impact refers to the contribution of ADB assistance to long-term changes in development conditions in the tourism sector in the GMS. In particular, the MTDP is expected to yield the following: (i) increased foreign exchange earnings from tourism, (ii) reduced poverty through increased economic growth and employment opportunities, and (iii) conservation of natural and cultural heritage assets. These broader long-term impacts cannot be established at this stage of the project, which is still under implementation, but indications of some benefits are already apparent. First, foreign exchange earnings have increased, particularly in the Lao PDR, where total gross revenues increased at four destinations and for four companies that received support from the MTDP. Similarly, based on recent surveys, incomes from tourism-related activities have increased, although many beneficiaries are still not satisfied with the income gained. Available cross-border traffic data suggests that growth in the movement of international tourists traveling by road from Cambodia and Lao PDR to Viet Nam and vice versa has been modest. For example, international tourists accounted for 25% of the total number of passengers crossing the Bavet border in Cambodia in 2003. This proportion increased to only about 30% in 2007.<sup>44</sup> The Mekong visa initiative and cross-border agreements are likely to bolster cross-border tourist flow once they materialize. No concrete evidence is available for likely reduced poverty arising from ADB-supported GMS tourism operations.

89. The social risks include increased drug use, greater incidence of infectious diseases (such as HIV), and increased vulnerability of indigenous people. A recent study<sup>45</sup> notes that although current negative impacts are still manageable, they could increase in the long term. ADB has provided TA assistance to address social issues. The impact of the tourism program was not rated since the tourism loans are still ongoing.

## **V. OVERALL ASSESSMENT**

### **A. Results Assessment**

90. The top-down performance of the GMS RTSS is rated "successful" but with some areas needing improvements (Table 3). The strategic assessment is particularly positive due to the

<sup>43</sup> Identified in project performance reports as of 30 April 2008.

<sup>44</sup> ADB. 2008. *Project Performance Evaluation Report on the Greater Mekong Subregion: Phnom Penh to Ho Chi Minh City Highway Project*. Manila.

<sup>45</sup> Cambodia Development Resource Institute. 2007. *Pro-Poor Tourism in the Greater Mekong Subregion*. Phnom Penh.

strong alignment and complementarity between the tourism strategy, and the GMS country and ADB strategies and priorities.

**Table 3: Overall Top–Down Rating of the GMS Tourism Sector Strategy**

Criterion	Rating Scale	Overall Rating (Scale of 0–8)	Description
Strategic Assessment	0-8	6	Substantial
Institutional Assessment	0-8	6	Substantial
Value Addition	0-8	3	Modest
ADB Performance	0-8	6	Substantial
<b>Overall</b>	<b>32</b>	<b>21</b>	<b>Successful</b>

ADB = Asian Development Bank, GMS = Greater Mekong Subregion.

Note: Overall top–down rating (TR) is derived by adding up the scores accorded to the strategic assessment, institutional assessment, value addition, and ADB performance rating. Overall TR is assessed as highly successful if  $TR \geq 27$ ; successful if  $21 \leq TR \leq 26$ ; partly successful if  $15 \leq TR \leq 20$ ; and unsuccessful if  $TR \leq 14$ .

Source: Operations Evaluation Mission.

91. The bottom–up performance of the GMS tourism sector program is rated “successful,” but at the borderline with “partly successful” (Table 4). This rating is derived from the average of all evaluated regional tourism loans and TA projects across the bottom–up criteria. Since implementation of the loans is still in progress, the impact of the tourism program was not rated.

**Table 4: Overall Bottom–Up Rating of GMS Tourism Sector Program**

Criterion	Rating Scale	Overall Rating	Description
Relevance	0–3	2	Relevant
Effectiveness	0–6	3	Effective
Efficiency	0–3	2	Efficient
Sustainability	0–6	4	Likely
Impact			Not Rated
<b>Overall</b>	<b>18</b>	<b>11</b>	<b>Successful</b>

ADB = Asian Development Bank, GMS = Greater Mekong Subregion.

Note: Since impact is not assessed, aggregate bottom–up rating (BR) is assessed as highly successful if the  $BR \geq 15$ , successful if  $11 \leq BR \leq 14$ , partly successful if  $8 \leq BR \leq 10$ , and unsuccessful if  $BR \leq 7$ .

Source: Operations Evaluation Mission.

92. **Overall Assessment.** Combining the top–down and bottom–up assessments with equal weights, the overall performance of the GMS tourism sector is rated as “successful.”

## VI. CONCLUSIONS AND WAY FORWARD

### A. Conclusions and Key Issue

93. Supporting tourism development projects has been an important GMS initiative because of their regional public good characteristics, location and history, and substantial development impact potential. However, since the loan projects are still under implementation, direct evidence on development impact is not available, i.e., poverty reduction due to GMS tourism projects supported by ADB.

94. The current MTCO operations in terms of organization and coordination of regional activities have been hampered due to difficulties related to funding and staff constraints (para. 41 and Box 1). Unless MTCO receives additional staff and financial resources, it will not be able

to meet the envisaged objectives as indicated in the RTSS. There is potential to improve this with the appointment of the new MTCO executive director in November 2008.

95. The institutional experience of GMS country ownership of the TWG and MTCO was reviewed with a view to providing guidance on the adoption of similar mechanisms in other GMS sectors and subregions. The conclusion is that the tourism sector appears to be a special case with inherent capacity to attract private sector investment, and there may be relatively little scope to replicate the institutional and self-financing mechanisms in other GMS sectors. Indeed, in the case of MTCO, the advantages of strong country ownership under the current system appear to have been negated to a certain extent by the resource and staffing uncertainties that prevailed until recently.

96. While ADB assistance contributed to collective strategic discussions, planning, and collective actions by GMS countries for tourism development, to date value addition has been limited. Much needs to be done in terms of understanding the important strategic and policy implications that can accompany tourism projects and initiatives, such as cost of national policy changes and financial implications of operating and maintaining subregional tourism investments including cost-recovery issues. To be more effective, ADB should engage in policy analysis and impact evaluation. This will enable ADB to be a more proactive player in the policy discourse of regional and sectoral significance.

97. ADB and UNESCAP have collaborated well on the GMS regional tourism program since its inception (para. 65). UNESCAP's local presence in the region was a clear benefit, particularly in the early years of the tourism program. This close collaboration contributed to the efficient working of the TWG.

98. A key issue facing future tourism operations is the need to clarify whether future tourism sector activities are covered by ADB's current high-level strategies. Tourism development per se is not included as one of the five core areas of operations in the new *Strategy 2020*, which is expected to account for 80% of ADB's aggregate operations by 2020. Until this is clarified, future relevance of the tourism sector remains unclear.

## **B. Lessons**

99. **Further Simplification of Visa and Border-Crossing Arrangements is Needed.** The RCSP and the RTSS may have underestimated the sensitive political, security, legal, and financial issues that needed to be sorted out by various ministries, including the ministries of foreign affairs and finance of each of the countries, before the single-entry visa could be put in place. The single-entry visa is now being pursued under the Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy, with Thailand and Cambodia piloting the scheme. To the extent possible, ADB should facilitate policy dialogue and related advisory assistance to GMS countries to facilitate single-visa and simplified border-crossing arrangements for international and regional tourists. Since the issue is related to cross-border agreement, it should be pursued in close conjunction with other GMS working groups such as transport and trade facilitation.

100. **Developing Community-Based Tourism is Important.** Asymmetric distribution of benefits and costs in the tourism sector remains a challenge. At present, the benefits of tourism largely bypass the majority of poor in the GMS. New models of tourism development are required that involve poor local communities. These models should include the development of CBT products in areas attractive for tourists where the poor live, and the establishment of supply chains that increase the contribution of the tourism sector to the local economy.

101. **Improving Cross-Sector Coordination is Essential to Build Synergies.** In the tourism sector, coordination among the member countries has been good. Nevertheless, efforts should be made to liaise more with international agencies such as ASEAN and WTO. Interagency, interdepartmental, and interdivision coordination within countries and ADB needs strengthening.

102. **Analysis of Demand for Tourism is Crucial.** Additionality in terms of country and subregional development outcomes, and the rationale for regional public goods in GMS tourism programs has so far been moderate. This may be partly because of the improper design of some regional tourism interventions. The MTDP feasibility study presented a supply-driven, engineering-based project design, with insufficient discussion of demand (para. 73).

### C. Recommendations and Options

103. **Clarify Alignment with *Strategy 2020*.** Given that tourism is not specifically identified as a core area of operation in the *Strategy 2020*, Management guidance is needed on whether ADB should finance projects in the sector in the future. There is demand for such assistance in GMS member countries, especially for technical advice and to bring in synergies with other sector work in the subregion.

104. **Improve Effectiveness of ADB Assistance for Tourism.** ADB should continue its intellectual leadership by focusing more on nonlending products and services geared to strengthen policy analysis and positioning of the tourism assistance. One objective of the policy analysis should be to clearly articulate why the GMS tourism sector deserves ADB financial assistance, and how such assistance would be synergized with other country and subregional assistance. Some aspects that are pertinent in this regard are the need to ensure that (i) negative impacts of tourism trafficking (such as illegal human and drug trafficking) are mitigated, (ii) distribution of beneficial impacts of tourism are more equitable, and (iii) cultural heritage and environmental resources are preserved with the expansion in tourism.

105. **Encompass All GMS Members in Tourism Project Initiatives.** Major project activities have so far been limited to just three GMS countries—Cambodia, Lao PDR, and Viet Nam. Additional modalities and approaches that would allow other GMS countries to be involved as well should be investigated.

106. **Provide Better Opportunities for Inclusiveness.** Service quality in the GMS tourism industry, especially among small- and medium-sized enterprises, is generally poor. The capacities of provincial and district tourism officials are also weak. It is essential to build the capacity of public sector tourism officials, especially in the provinces that can have an impact on inclusiveness and poverty reduction. Action needs to be taken to assist GMS countries in developing a pool of hospitality and public sector tourism trainers, and providing training for public sector officials, especially in areas that have an impact on poverty reduction.

## TOURISM SECTOR DEVELOPMENT

### A. Role and Importance of Tourism in the GMS

1. Tourism is one of the world's most dynamic sectors. A leading industry in the global services sector, tourism contributes significantly to the socioeconomic development of many countries through its role in expanding their economic base, increasing foreign exchange earnings, and providing employment. International tourism and international fare receipts together represent approximately 7% of worldwide exports of goods and services. Tourism exports represent nearly 35% of total services traded in the world and about 70% in least-developed countries. Tourism has the potential to generate significant foreign exchange earnings. If harnessed effectively, tourism can be a driving force for poverty reduction and environmental protection by creating employment, generating foreign exchange earnings, and enhancing economic values to natural and cultural heritage assets.

2. Tourism has made significant contributions to the national economies of countries in the Greater Mekong Subregion (GMS),<sup>1</sup> where tourism's share of gross domestic product (GDP) averaged 12% in 2006. The average collective share of international tourism and international fare receipts was 10% of the GMS countries' tourism exports. Meanwhile, jobs generated by the sector contributed approximately 9% of each country's total employment (Table A1.1).

**Table A1.1: Tourism as Percentage of Gross Domestic Product, Exports, and Total Employment, 2006**

Item	Cambodia	Lao PDR	Myanmar	PRC	Thailand	Viet Nam	GMS (Average)
Tourism GDP (% of national GDP)	19.6	9.3	4.3	13.7	14.3	10.9	12.0
Tourism Exports (% of total exports)	19.5	20.6	3.3	3.6	10.6	3.5	10.2
Tourism Jobs (% of total employment)	15.4	7.3	4.0	10.2	10.7	8.7	9.4

GDP = gross domestic product, GMS = Greater Mekong Subregion, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Source: Consumer Unity and Trust Society. 2007. *Community-Based Ecotourism for Sustainable Tourism Development in the Mekong Region*. Hanoi Resource Center Policy Brief, January 2007. Available: <http://www.cuts-international.org>

3. In Cambodia in 2006, tourism recorded its highest contribution to the GDP (20%), total exports (20%), and employment (15%). In Thailand, tourism ranked second in terms of its contribution to the national GDP (about 14%), while in the Lao People's Democratic Republic (Lao PDR), it contributed a slightly larger proportion (about 21%) to the country's total exports. On the other hand, Myanmar's tourism economy had the smallest contribution to the national economy.

4. The GMS countries possess a wide range of highly attractive natural, cultural, and historical heritage tourism resources. They range from the Qinghai Plateau and associated mountain ranges in the north of Yunnan Province in the People's Republic of China (PRC) and Myanmar with elevations of 4,000–6,500 meters; to forested mountain areas, particularly in Cambodia, Lao PDR, and Myanmar; to the World Heritage sites of the United Nations

<sup>1</sup> Cambodia, Guangxi Zhuang Autonomous Region and Yunnan Province of the People's Republic of China (PRC), Lao People's Democratic Republic (Lao PDR), Myanmar, Thailand, and Viet Nam.

Educational, Scientific, and Cultural Organization (UNESCO); and the long coastline and numerous islands of the South China Sea, Gulf of Thailand, and Andaman Sea. Giving the region its name is the Mekong River, which extends approximately 4,880 kilometers from the Tibetan mountains of the PRC to the Mekong Delta in southern Viet Nam.

5. Each GMS country has tourism products associated with its unique cultural and natural heritage and diverse ethnic cultures. These unique treasures or so-called Jewels of the Mekong, include some of the world's interesting archaeological sites, such as Angkor Wat in Cambodia and Bagan in Myanmar; UNESCO World Heritage sites (Hue in Viet Nam, Louangphrabang in the Lao PDR, Sukhothai in Thailand, and Dayan in Guangxi Zhuang Autonomous Region); natural wonders (Stone Forest and Lijiang in Yunnan Province and Halong Bay in Viet Nam); and Buddhist monuments (Shwedaggon Pagoda in Myanmar, Temple of Emerald Buddha in Thailand, and Wat Pho in the Lao PDR) (Table A1.2).

**Table A1.2: Tourism Sites in the Greater Mekong Subregion**

<b>Country, Province, Region</b>	<b>UNESCO World Heritage Sites</b>	<b>Other Major Tourism Destinations</b>
Cambodia	Angkor Wat	Phnom Penh, Sihanoukville
PRC, GZAR	South China Karst, Old Town of Dayan	Guilin, Li River Valley, Liuzhou
PRC, Yunnan	Old Town of Lijiang, South China Karst Three Parallel Rivers, National Park Son	Kunming, Dali, Xishuangbanna Park
Lao PDR	Louangphrabang, Wat Phou	Vientiane
Myanmar	None	Yangon, Mandalay, Bagan, Marauk U,
Thailand	Ayutthaya, Sukhothai, Thungyai–Huai Kha Kaheng Wildlife Sanctuaries, Ban Chiang, Dong Phrayayen–Khao Yai Forest Complex	Bangkok, Chiang Mai, Chiang Rai, Phuket
Viet Nam	Hue Monuments, Halong Bay, Hoi An Ancient Town, My Son Sanctuary, Phong Nha–Ke Bang National Park	Hanoi, Ho Chi Minh, Lower Mekong Delta

GZAR = Guangxi Zhuang Autonomous Region; Lao PDR = Lao People's Democratic Republic; PRC = People's Republic of China; UNESCO = United Nations Educational, Scientific and Cultural Organization.

Source: Available: <http://portal.unesco.org>.

6. In 2007, GMS tourism resources attracted about 27 million international tourists. Thailand accounted for more than half of these, receiving 54% of all international arrivals in the subregion. Viet Nam also received a sizeable number, accounting for 16% of total tourist arrivals in the subregion in the same year (Table A1.3). Thailand's prominence is a result of Bangkok's role as a major global international aviation hub, its excellent ground transportation infrastructure, proximity to other GMS countries as well as Malaysia and Singapore, and willingness to invest in a sustained marketing program.

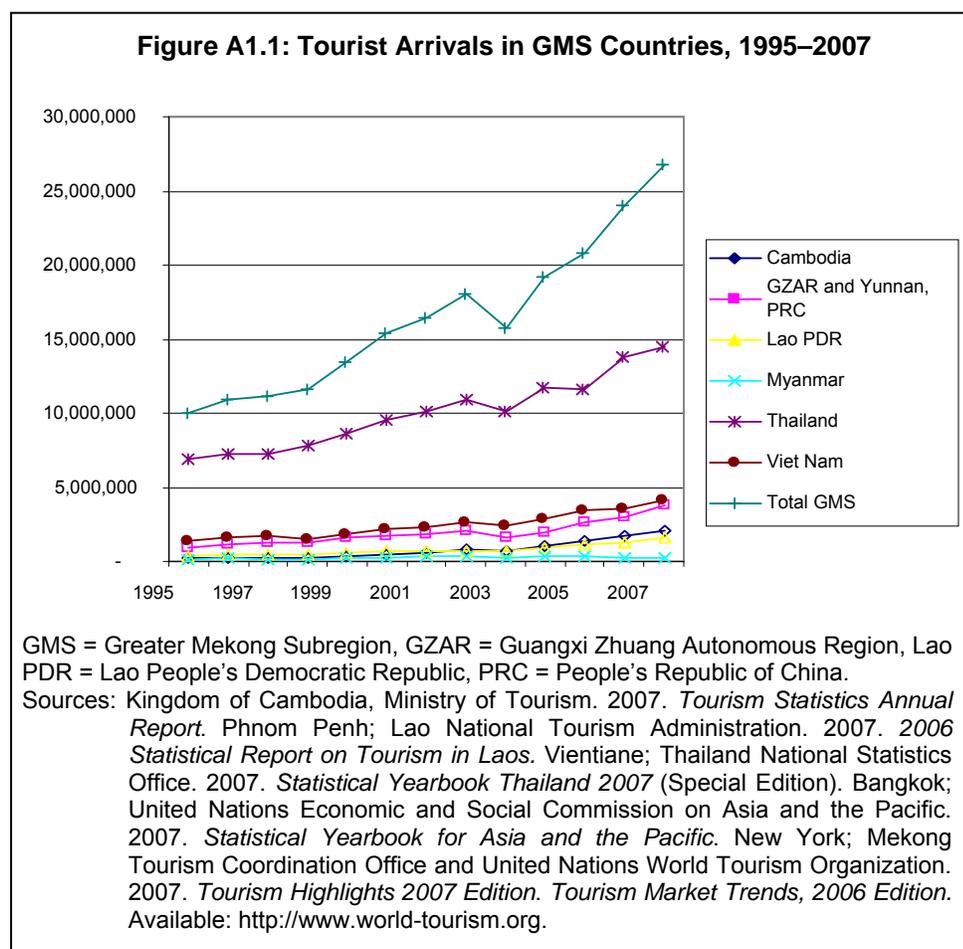
7. Tourism in GMS countries has grown rapidly with tourist arrivals increasing nearly five-fold since 1990. During 1995–2007, international tourist arrivals in all GMS countries on average increased at close to 9% per annum or more than twice the global rate of 4.0%. In all GMS countries, the number of foreign tourists at least doubled. Remarkable growth in tourist arrivals can be noted during the same period for Cambodia, where the number of foreign tourists increased almost ten-fold at an annual rate of 22%, and the Lao PDR, with a roughly six-fold increase and an annual rate of 13%. Other GMS countries also showed a positive trend in growth of annual tourist arrivals (Table A1.3 and Figure A1.1). In particular, the number of international tourist arrivals in GMS countries were surprisingly consistent, increasing by 9% in 2004–2005 and 16% in 2005–2006, despite threats of epidemic and the aftermath of the Asian tsunami.

**Table A1.3: International Tourist Arrivals in GMS Countries, 1995–2007**

Countries	Arrivals ('000)		Average Annual Growth Rate (%)	Market Share (%)	
	1995	2007	1995–2007	1995	2007
Cambodia	220	2,015	22.0	2.2	7.5
Lao PDR	346	1,624	13.0	3.5	6.1
Myanmar	120	248	10.6	1.2	0.9
PRC, GZAR	419	2,005	19.0	4.2	7.5
PRC, Yunnan Province	597	2,219	12.0	6.0	8.3
Thailand	6,952	14,464	6.7	69.5	54.1
Viet Nam	1,351	4,185	9.8	13.5	15.6
<b>Total GMS</b>	<b>10,005</b>	<b>26,760</b>	<b>8.7</b>	<b>100.0</b>	<b>100.0</b>

GMS = Greater Mekong Subregion, GZAR = Guangxi Zhuang Autonomous Region, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Sources: Kingdom of Cambodia, Ministry of Tourism. 2007. *Tourism Statistics Annual Report*. Phnom Penh; Lao National Tourism Administration. 2007. *2006 Statistical Report on Tourism in Laos*. Vientiane; Thailand National Statistics Office. 2007. *Statistical Yearbook Thailand 2007* (Special Edition). Bangkok; United Nations Economic and Social Commission on Asia and the Pacific. 2007. *Statistical Yearbook for Asia and the Pacific*. New York; Mekong Tourism Coordination Office and United Nations World Tourism Organization. 2007. *Tourism Highlights 2007 Edition*. Available: <http://www.world-tourism.org>



8. The strong growth on tourism arrivals for Asia and the Pacific, including the GMS is one indicator of increased significance of tourism for developing countries and that visitors

worldwide clearly recognize the attractiveness of tourism experiences in terms of the rich cultural heritage and natural environment. This may be attributed to increasing disposable income; improvements in transportation and introduction of low-cost airline services; and diversification of the tourism industry through the creation of new market niches such as cultural tourism, ecotourism, and adventure tourism.

## B. Tourism Receipts

9. Total receipts from international tourism of all GMS countries in 2007 reached \$15.6 billion, which was about double the figure registered in 1995, suggesting an annual growth rate of about 5% over 12 years (Table A1.4 and Figure A1.2). The GMS's international tourism receipts constituted only 2% of worldwide tourism receipts of \$733 billion estimated by the United Nations World Tourism Organization (UNWTO). However, GMS receipts from international tourism increased at almost the same rate (5.4%) as that of global tourism receipts during 1995/2005 (estimated at an annual average rate of 5.5%).

**Table A1.4: International Tourism Receipts of GMS Countries, 1995–2007<sup>a</sup>**

Countries	International Tourism Receipts (\$ million)		Average Annual Growth Rate (%)	Market Share (%)	
	1995	2007	1995–2007	1995	2007
Cambodia	53	1,400	28.6	0.6	8.9
Lao PDR	51	233	12.4	0.6	1.5
Myanmar	151	84	(5.7)	1.8	0.5
PRC, GZAR	1	4	9.6	<sup>b</sup>	<sup>b</sup>
PRC, Yunnan Province	16	62	16.0	0.2	0.4
Thailand	8,035	10,108	1.4	95.7	64.6
Viet Nam	85	3,756	28.7	1.0	24.0
<b>Total GMS</b>	<b>8,393</b>	<b>15,648</b>	<b>4.9</b>	<b>100.0</b>	<b>100.0</b>

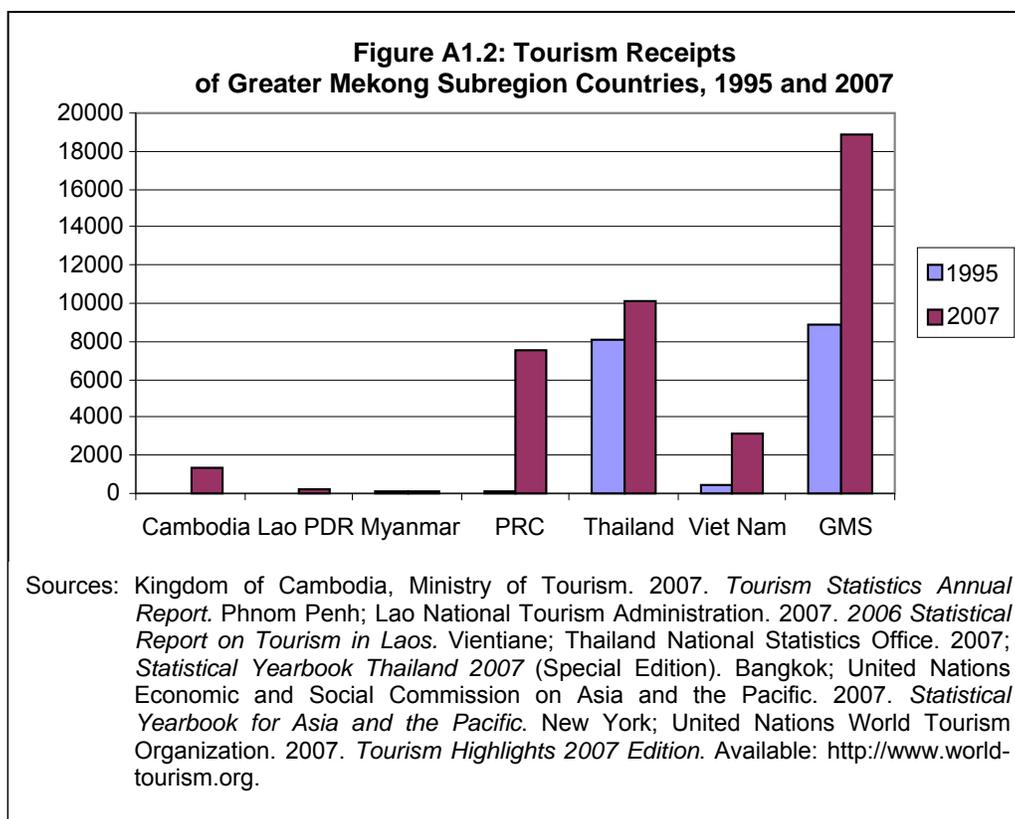
( ) = negative number, GMS = Greater Mekong Subregion, GZAR = Guangxi Zhuang Autonomous Region, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

<sup>a</sup> Period covered for the following countries: Myanmar: 1995–2004; GZAR, PRC: 1995–2006; Yunnan Province, PRC: 1998–2006; Viet Nam: 1990–2004; and Thailand: 1995–2005.

<sup>b</sup> Less than 0.1%

Sources: Kingdom of Cambodia, Ministry of Tourism. 2007. *Tourism Statistics Annual Report*. Phnom Penh; Lao National Tourism Administration. 2007. *2006 Statistical Report on Tourism in Laos*. Vientiane; Thailand National Statistics Office. 2007. *Statistical Yearbook Thailand 2007 (Special Edition)*. Bangkok; United Nations Economic and Social Commission on Asia and the Pacific. 2007. *Statistical Yearbook for Asia and the Pacific*. New York; United Nations World Tourism Organization. 2007. *Tourism Highlights 2007 Edition*. Available: <http://www.world-tourism.org>.

10. Moreover, the bulk (about 65%) of GMS tourism receipts in 2007 went to Thailand, although its market share significantly decreased from 96% in 1995 owing mainly to the increased market share of Viet Nam (Table A1.3). For 1995 to 2007, Cambodia and Viet Nam emerged as the most dynamic in the subregion, with tourism receipts increasing by an average of 28%, followed by Yunnan Province, PRC and the Lao PDR, also with double digit percentage growth in tourism receipts.



### C. Tourism Forecast

11. The UNWTO's *Tourism 2020 Vision* forecasts that international arrivals will reach nearly 1.6 billion by 2020.<sup>2</sup> Of these worldwide arrivals, 1.2 billion will be intraregional and 378 million will be from outside the region. East Asia and the Pacific (including the GMS) countries are forecast to record an average annual growth of 6.5% during 1995–2020, compared to the world average of 4.1%. The total tourist arrivals by region shows that by 2020, the top three receiving regions will be Europe (717 million tourists), East Asia and the Pacific (397 million), and the Americas (2.828 billion), followed by Africa, the Middle East, and South Asia.

<sup>2</sup> UNWTO. 2008. Available: <http://www.world-tourism.org>. The World Tourism Organization compiles statistics from all countries, and periodically undertakes more detailed analyses of regional tourism market trends. Country statistics primarily come from immigration department records. Intraregional and domestic statistics vary in availability and quality. Included in its *Tourism 2020 Vision* are quantitative forecasts with 1995 as the base year and forecasts for 2010 and 2020.

## REGIONAL AND COUNTRY STRATEGIES AND PLANS FOR THE TOURISM SECTOR

Item	Strategies, Policies, Plans	Programs and Activities
<b>Regional, Subregional</b>		
<b>GMS Program</b>	<p>At the 2002 Leader's Summit, tourism was identified as a key sector for promoting cooperation in the Mekong Region as reflected in the development of a tourism sector strategy. The overall goal of the program is to develop and promote the Mekong as a single destination, offering a diversity of good-quality and high-yielding subregional products that help to distribute the benefits of tourism more widely; add to the tourism development efforts of each GMS country; and contribute to poverty reduction, gender equality and empowerment of women, and sustainable development, while minimizing any adverse impacts.</p> <p><b>Strategic Thrusts</b></p> <p><b>Marketing and product development.</b> Foster the development of multicountry tourism in the subregion by stimulating demand from appropriate high-yield markets and products through joint promotional activities.</p> <p><b>Human resource development.</b> Upgrade the skills of tourism leaders and tourism trainers of the subregion.</p> <p><b>Heritage conservation and social impact management.</b> Promote higher standards in managing natural and cultural resources for conservation and tourism purposes, and enhance measures to manage the negative social impact of tourism.</p> <p><b>Pro-poor tourism development.</b> Help reduce the incidence of poverty and increase rural incomes in poor areas.</p> <p><b>Private sector participation.</b> Encourage private sector participation and partnerships in planning, investment, and marketing of the tourism sector.</p> <p><b>Facilitation of movement of tourists.</b> Identify and address impediments to travel to and within the subregion.</p> <p><b>Tourism-related infrastructure development.</b> Jointly plan and develop tourism infrastructure to ensure wider distribution of tourism benefits and support to pro-poor tourism development in designated priority zones.</p>	<p>One loan project, the MTDP, has been carried out since 2002<sup>a</sup> to promote the development of tourism in the lower Mekong basin through infrastructure improvement, community-based tourism, private sector involvement in marketing and promotion, and mechanisms for greater subregional cooperation and movement of tourists across borders. Technical assistance projects include focus on sustainable tourism; river tourism infrastructure development; and tourism and training, and skills development and training programs. Other activities include a tourism investment summit, a Mekong tourism round table conference, a tourism forum for small- and medium-sized enterprises, and various training workshops.</p> <p>Ongoing and proposed projects include several infrastructure-based projects, such as airport upgrades; road upgrades in tourist attraction areas; riverbank and river-based development (e.g., construction of jetties); and small-scale infrastructure (such as water supply, electricity, markets, landscape beautification); projects identifying specific areas for tourism development, some associated with economic corridors; a range of studies relating to sustainable and pro-poor tourism development; and projects associated with human resource development, capacity building and training, marketing and product development, and heritage conservation and social impact management.</p>
<b>Intraregional Cooperation</b>	<p><b>Three Countries, One Destination Philosophy.</b> Tourism ministers of Cambodia, the Lao PDR, and Viet Nam agreed to enhance tourism cooperation with the aim of building their countries into a single tourism destination with diverse, unique, and sustainable tourism products that would be highly competitive in the region.<sup>b</sup> To encourage more travel movement, facilitation of travel and promotion of tourism investment of the three countries would be enhanced.</p>	<p>Tourism ministers of Cambodia, Lao PDR, and Viet Nam pledged to share information and experience in tourism planning, product development, and investment; host tourism investment forums; increase support for tourism-related cultural and sports events in each country; encourage art performance and heritage tourism; enhance cooperation in tourism training; encourage direct air links between major cultural heritage sites; and bolster public-private partnerships on tourism investment initiatives.</p>

Item	Strategies, Policies, Plans	Programs and Activities
<b>Regional, Subregional</b>		
<b>National</b>		
Cambodia	<p>The Cambodian National Tourism Development Plan is based on the principle that tourism development must reduce poverty and ensure the equitable distribution of tourism revenues, and accomplish this in a well-planned and -managed manner.</p> <p>Tourism vision: Cambodia is poised to become one of the important tourism destinations in the world, based on its unique cultural heritage, traditions, pristine natural environment, and people.</p> <p>Tourism mission: Cambodia is committed to developing high-quality tourism products, creating safe and memorable tourism experiences, respecting local cultures and desires, and working in a sustainable manner. It will do so in a manner that uses tourism as a tool to reduce poverty, conserves cultural and natural environments, involves all stakeholders, and ensures the equitable distribution of economic impacts of tourism.</p> <p>The Government of Cambodia is giving high priority to ecotourism, particularly in Rattanakiri and Mondulakiri provinces, adjacent to the border with Viet Nam. The master plan of tourism development for both provinces was formulated in 1999–2000 to develop natural resources and the cultural environment for ecotourism; and promote appropriate markets, infrastructure, and services. The General Department of Tourism handles participatory planning and implementation process and capacity building for internal staff and local communities.<sup>b</sup></p>	<p>Under the MTDP, Cambodia has been promoting development of its tourism sector in the lower Mekong basin through tourism-related infrastructure improvement, human resource improvement, CBT, private sector involvement in marketing and promotion, and mechanisms for greater subregional cooperation and movement of tourists across borders. In particular, Cambodia takes the lead and/or actively participates<sup>c</sup> in the following initiatives:</p> <ul style="list-style-type: none"> <li>(i) development of the Southern Economic Corridor linking Bangkok with the coastal areas of Cambodia and southern Viet Nam;</li> <li>(ii) three human resource and capacity-building projects targeted at mid-level public officials, hospitality skills trainers in vocational schools, and top and senior officials and technical personnel in NTOs;</li> <li>(iii) improvement of standards of natural and cultural heritage conservation and management of social impacts;</li> <li>(iv) GMS tourism initiatives to reduce poverty by involving the poor in implementing seven pro-poor tourism subprojects in each GMS participating country and/or province; and</li> <li>(v) establishment of national and subregional mechanisms for private sector participation, particularly the development of a tourism marketing board.</li> </ul>
Lao PDR	<p>Tourism is prioritized as an important sector in the Lao PDR's socioeconomic development plan for 2006–2010. The Government has started to implement policies and projects to build infrastructure, promote investments, and facilitate cross-border procedures. The country is positioning itself to be a land link and crossroad for commerce, economic cooperation, and tourism in the subregion. It has expanded investment opportunities for tourism-related businesses by allowing 100% foreign ownership in hotels and restaurants, and 30%–70% in tour companies.</p> <p>The country's first tourism law was passed in the 8th session of the national assembly in November 2005. In March 2006, a national tourism strategy for 2006–2020 was adopted.<sup>d</sup> The national tourism strategy has five features for developing tourism: (i) governance, planning, and research; (ii) service quality, education, and training; (iii) product diversification based on the country's unique natural attractions; (iv) equity considerations, including ways to spread the benefits to remote and minority communities; and (v) using tourism to promote the Lao PDR and its products in the global market.</p> <p>The country's tourism strategy has the following</p>	<p>Under the MTDP, the Lao PDR takes the lead and actively participates<sup>c</sup> in (i) developing tourism-related infrastructure such as the East–West Economic Corridor and the Lao PDR–Viet Nam Cross-Border CBT Zone; (ii) improving standards of natural and cultural heritage conservation and management of social impacts through training of guides at cultural and natural heritage sites, creation of biodiversity conservation corridors, setting up transborder complementarity to strengthen tourism management in and around protected areas; and (iii) establishing a tourism marketing and promotion board.</p> <p>Pro-poor sustainable tourism (in southern Lao PDR through the Netherlands Development Organization). Activities:<sup>e</sup> (i) developing and implementing a long-term tourism strategy for Kaysone Phomvihane and Khammouane provinces, (ii) developing a sound marketing strategy, (iii) revamping product offerings in the rural supply chain, (iv) strengthening the food supply chain to increase the supply of fresh fruit and vegetables, (v) strengthening</p>

Item	Strategies, Policies, Plans	Programs and Activities
<b>Regional, Subregional</b>	<p>components: (i) increasing and securing funds for tourism development, (ii) improving tourism development regulations, (iii) facilitating visa processing, (iv) establishing training centers to meet the demand for quality services, (v) developing CBT in remote areas, (vi) developing sustainable tourism activities in protected areas, and (vii) conserving archaeological heritage sites.</p>	<p>the handicrafts supply chain, and (vi) developing micro small and medium enterprises.</p> <p>Community-based ecotourism. The Government considers ecotourism as a means of generating income for local residents, raising awareness of environmental conservation, encouraging local production, and protecting multiethnic culture and traditions.</p>
Myanmar	<p>Myanmar's tourism industry development is continuing at a modest pace due to existing substandard tourism infrastructure. Tight centralized planning, closed economy, and political instability have been major barriers to tourists visiting the country.</p>	<p>Myanmar has been actively involved in regional and subregional cooperation efforts for the development of intraregional and interregional tourism development.</p>
Thailand	<p>Thailand's tourism strategies (2004–2008) aim to build sustainable development in the tourism sector, better income distribution, and community development. They include the following:</p> <ul style="list-style-type: none"> <li>(i) Enhance international competitiveness in the tourism sector by using aggressive marketing strategies, promoting Thailand to become a gateway that links neighboring countries, and developing an information technology system for marketing and management.</li> <li>(ii) Develop quality tourism products and services to build, develop, and rehabilitate tourism attractions; establish the linkage between provincial and regional tourism sites; promote local participation in tourism management to raise tourism product and service standards; and improve accessibility, safety, and basic infrastructure.</li> <li>(iii) Develop an integrated management system to increase the implementation competency of the Ministry of Tourism and Sports; promote the efficiency of integrated management in the public and private sectors, and communities; and reform rules and regulations related to tourism.</li> </ul>	<p>Thailand has played a key role in formulating and implementing the GMS program 10-year strategic framework and associated 5-year action plan. Under the MTDP, Thailand takes the lead and actively participates<sup>c</sup> in</p> <ul style="list-style-type: none"> <li>(i) developing tourism infrastructure, namely, Mekong World Tourism River Corridor, Emerald Triangle Area Tourism Zone, Heritage Necklace Circuit, and Andaman Coast Tourism Zone; and</li> <li>(ii) improving standards of natural and cultural heritage conservation and management of social impacts, particularly capacity building for heritage managers to protect and manage priority sites for tourism.</li> </ul> <p>Thailand is also involved in community-based ecotourism mainly to develop sustainable tourism and quality marketing programs, preserve tourism areas, and attract quality tourists to stay longer.<sup>b</sup></p>
Viet Nam	<p>Viet Nam's Five-Year Socioeconomic Development Plan 2006–2010 (July 2006) aims to develop tourism as a key industry so that Viet Nam will be ranked among the countries with highly developed tourism in the region after 2010. It also aims to develop high-quality tourism and ensure harmonious relations between tourism development and sustainable management of natural resources, environment, and culture. Specific targets are (i) increase the average annual growth rate of tourism revenue between 2006 and 2010 to 17%, and (ii) attract 6 million international tourists and 23 million domestic tourists by 2010.</p> <p>The plan specifies the following strategies to develop the sector:</p> <ul style="list-style-type: none"> <li>(i) Continue attracting investment in improving tourism product quality and infrastructure, especially in key regions. Take advantage of and coordinate with investment programs of other</li> </ul>	<p>Under the MTDP particularly the development of tourism-related infrastructure, Viet Nam takes the lead in the Green Development Triangle Project and Red River Valley Project.<sup>c</sup></p> <p>Viet Nam's Community-Based Ecotourism Project includes six subprojects that are to be implemented from 2008 to 2012 to (i) promote tourism in Phong Nha–Ke Bang National Park, (ii) preserve the cultural legacy of ethnic peoples in Gia Lai, (iii) facilitate tourism along the East–West Economic Corridor, (iv) increase tourism in A Luoi district to eradicate hunger and reduce poverty, (v) upgrade Viet Nam's border crossings, and (vi) train hotel and tourism staff and managers.</p>

Item	Strategies, Policies, Plans	Programs and Activities
<b>Regional, Subregional</b>	<p>sectors to increase the quality and efficiency of tourism and exploit the potential of ecological tourism and the advantages of coastal holiday resorts, historical, and cultural tourist attractions. Invest in capacity building to create highly competitive tourism products.</p> <ul style="list-style-type: none"> <li>(ii) Boost information dissemination and advertisements about tourism, especially promote tourism in Viet Nam internationally.</li> <li>(iii) Strengthen international cooperation in tourism. Boost the activities of Viet Nam's tourism representative offices internationally. Attract visitors from ASEAN, Australia, Japan, North America, PRC, Republic of Korea, and Western Europe. Promulgate better policies on visas and open direct flights for tourists. Apply immigration visa exemption to tourists from key markets.</li> <li>(iv) Strengthen the training and development of human resources for tourism.</li> <li>(v) Build mechanism to raise capital for tourism advertisements in international markets. Encourage foreign investors to invest in some tourism areas.</li> </ul>	
Yunnan Province and GZAR, PRC	<p>The PRC's tourism promotion strategy in the GMS primarily involves developing tourist resources and products in Yunnan Province and GZAR. Among the measures being undertaken are the simplification of visa procedures for GMS countries and the joint promotion of tourism destinations. The PRC will expand areas for border tourism and strive for the realization of a single visa and free flow of visitors within the region.</p> <p>Major economic indicators of tourism are expected to double by 2010 according to the following plans for Yunnan Province tourism: General Planning of Tourism of Yunnan Province, Action Plan for Boosting the Tourism of Yunnan Province, Redoubling Plan for the Tourism of Yunnan Province (2004–2010), and Yunnan Provincial Tourism Development Plan in the 11th Five-Year Plan period (2006–2010). These plans were formulated based on the document "Several Ideas on Further Accelerating the Development of the Tourism Industry," completed in July 2004, which stated that Yunnan Province should undertake the following:</p> <ul style="list-style-type: none"> <li>(i) Take advantage of its natural scenery, ethnic cultures, mild climate, special location, and other unique tourism resources to develop tourist services and focus on creating famous brand names for tourism products.</li> <li>(ii) By working toward the objectives of "optimizing structure, transforming and upgrading, improving quality and enhancing efficiency," the tourism industry should speed up reform, innovation, and application of science to boost tourism, putting in place healthy mechanisms in line with a market economy to reinforce overall competitiveness of the tourism industry and make it powerful enough to develop a strong tourism province.</li> </ul>	<p>Under the MTDP, the PRC takes the lead and/or actively participates<sup>c</sup> in the following:</p> <ul style="list-style-type: none"> <li>(i) Develop tourism-related infrastructure involving the Golden Quadrangle Area and the Shangri-la–Tengchong–Myitkyina Tourism Development Zone, GZAR–Northeast Viet Nam Borderlands Tourism Zone, and the GMS Coastal and River Cruise Lines.</li> <li>(ii) Improve human resources in the tourism sector, including human resource development project for deans and professors in institutions with tourism and hospitality management degree programs in collaboration with tourism institutions in the GMS countries.</li> <li>(iii) Improve standards of natural and cultural heritage conservation and management of social impacts, which involves construction of cultural museums and ecomuseums.</li> </ul> <p>Some tourism projects in Yunnan Province are promoting "green tourism," which supports both sustainable mass tourism and ecotourism.</p>

Item	Strategies, Policies, Plans	Programs and Activities
<b>Regional, Subregional</b>		
	(iii) Construct a group of cities and towns with featured tourism services and accelerate the development of rural tourism; encourage home stays to expand tourist exchanges between town and country; and make the most of the positive effects of tourism to solve issues concerning agriculture, rural development, and the peasantry. (iv) Encourage organizational and individual investments in developing tourism resources and operating tourism services.	

ASEAN = Association of Southeast Asian Nations, CBT = community-based tourism, GMS = Greater Mekong Subregion, GZAR = Guangxi Zhuang Autonomous Region, Lao PDR = Lao People's Democratic Republic, MTDP = Mekong Tourism Development Project, NTO = national tourism organization, PRC = People's Republic of China.

<sup>a</sup> ADB. 2002. Mekong Tourism Development Loans 1969, 1970, 1971 to Cambodia, Lao PDR. and Viet Nam approved in December 2002 and expected to close in June 2008.

<sup>b</sup> During the trilateral ministerial meeting in Ho Chi Minh City on 5 October 2007.

<sup>c</sup> Based on proceedings of the 17th meeting of the Working Group on the GMS Tourism Sector, 28–30 March 2006.

<sup>d</sup> Cited by H.E. Somphong Mongkhonvilay, Minister to the Prime Minister's Office, Chairman, Lao National Tourism Administration, during the Opening Session of the 17th meeting of the Working Group on the Greater Mekong Subregion Tourism Sector, 28–30 March 2006 in Louangphrabang, Lao PDR.

<sup>e</sup> As indicated in Travers, Robert for SNV Netherlands Development Organisation. 2007. Tourism on Road 9 in Lao PDR and Viet Nam: Identifying Opportunities for the Poor, A Value Chain Appraisal.

Sources: ADB. June 2007. Unraveling the GMS Program: An Overview and Update on Key Structures, Programs, and Developments. Manila; ADB. January 2008 (Draft). Greater Mekong Subregion: Vientiane Plan of Action 2008–2012. Available: <http://www.adb.org/GMS/Sector-Activities>; Development Analysis Network. July 2007. Pro-Poor Tourism in the Greater Mekong Subregion. Cambodia Development Resource Institute, Phnom Penh; Khanal, Bhoj Raj, and Jan Tahir Babar. January 2007. Policy Brief on Sustainable Tourism Development in the Mekong Region Tourism Development Efforts. Consumer Unity and Trust Society Hanoi Resource Center and Swiss Agency for Development and Cooperation (SDC). Viet Nam. (Available at [www.cuts-international.org](http://www.cuts-international.org)); Mekong Tourism Organization (MTO). March 2006. Report on the 17th Meeting of the Working Group on the Greater Mekong Subregion Tourism Sector, 28–30 March 2006, Louangphrabang, Lao PDR. Available: <http://www.mekongtourism.org/site/?id=7>; MTO News. November 2007. Cambodia, Laos and Viet Nam will enhance tourism cooperation as the result of a meeting of their tourism ministers in Ho Chi Minh City on October 5, 2007. Thailand; Travers, Robert for SNV Netherlands Development Organisation (SNV). December 2007. Tourism Value Chain Analysis for the Trans-Asian Road 9 in Lao PDR and Viet Nam. Available: [http://www.mekongtourism.org/site/index.php?id=128&tx\\_ttnews\[tt\\_news\]=65&tx\\_ttnews\[backPid\]=63&cHash=da3175f8b8](http://www.mekongtourism.org/site/index.php?id=128&tx_ttnews[tt_news]=65&tx_ttnews[backPid]=63&cHash=da3175f8b8); Socialist Republic of Viet Nam. July 2006. The Five-Year Socio-Economic Development Plan 2006–2010. Viet Nam; available: [http://www.vietnamtourism.gov.vn/english/index.php?option=com\\_content&task=view&id=743&Itemid=35](http://www.vietnamtourism.gov.vn/english/index.php?option=com_content&task=view&id=743&Itemid=35); [http://www.yunnantourism.net/about\\_us.asp](http://www.yunnantourism.net/about_us.asp); <http://www.commerce.gov.mm/pdf/organization/GMS-Journal-V3-N2.pdf>; <http://www.mfa.go.th/web/1252.php>; <http://www.mot.gov.kh/>; [http://www.mekonginfo.org/mrc\\_en/contact.nsf/0/20E8529FB36F6E8447256ADF00277CF7/\\$FILE/ecocamen.html](http://www.mekonginfo.org/mrc_en/contact.nsf/0/20E8529FB36F6E8447256ADF00277CF7/$FILE/ecocamen.html); <http://www.adb.org/Countries/>

## PROGRESS ON TOURISM SECTOR STRATEGY PRIORITY ACTIVITIES

### A. Background and Rationale for the Tourism Sector Strategy

1. Tourism is one of nine areas of subregional cooperation under the Greater Mekong Subregion (GMS) program entered by the GMS countries—Cambodia, People’s Republic of China (Guangxi Zhuang Autonomous Region and Yunnan Province), Lao People’s Democratic Republic, Myanmar, Thailand, and Viet Nam—in 1992 to promote development through closer economic linkages.<sup>1</sup> With the support of the Asian Development Bank (ADB) and other development partners, the GMS program helps implement subregional projects to reduce poverty and contribute to the conservation of cultural and natural resources in the subregion.

2. A Tourism Working Group (TWG) comprising senior representatives of GMS national tourism organizations (NTOs) was formed in 1993 to guide implementation of projects, and promote and develop GMS tourism. The TWG is supported by ADB, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Pacific Asia Travel Association, United Nations Education Scientific and Cultural Organization (UNESCO), and World Tourism Organization (WTO). Initially, the Agency for Coordinating Mekong Tourism Activities, established in 1997 in Bangkok, and subsequently, the Mekong Tourism Coordination Office (MTCO) since 2006, have acted as a permanent secretariat of the TWG.

3. During 1995–2004, the TWG focused on seven subregional cooperation activities: (i) promoting the subregion as a single destination, (ii) developing tourism-related infrastructure, (iii) improving human resources in the tourism sector, (iv) improving standards of management of natural and cultural resources for conservation and tourism, (v) promoting pro-poor community-based sustainable tourism (including village-based tourism projects), (vi) encouraging private sector participation in the subregion’s tourism sector, and (vii) facilitating the movement of tourists to and within the subregion (Table A3.1).

**Table A3.1: Greater Mekong Subregion Tourism Sector Working Group Agenda and Activities, 1995–2004**

TWG Agenda	Activities and Initiatives During 1995–2004
Promoting the subregion as a single destination	<ul style="list-style-type: none"> <li>• Provision of maps, brochures, and newsletters</li> <li>• “Jewels of the Mekong” campaign (1995–1997) and other programs promoting multicountry visits in the GMS including presentations on the GMS as a destination at major travel trade events in the region</li> <li>• Development and maintenance of a website providing information about traveling to and within the GMS and informing the GMS tourism sector about subregional issues</li> <li>• Market research and surveys to assist in developing subregional promotion activities</li> </ul>
Developing tourism related-infrastructure, and promoting pro-poor community-based sustainable tourism (including village-based tourism projects)	<ul style="list-style-type: none"> <li>• Preparation of the three phases of the Mekong/Lancang River Tourism Planning Study in 1996–1998 (ADB TA 5743)</li> <li>• Project preparatory TA for the Mekong River Tourism Infrastructure Development Project (ADB TA 5893)</li> <li>• MTDP Part B: promoting pro-poor community-based tourism development undertaken in Cambodia, Lao PDR, and Viet Nam<sup>a</sup></li> </ul>

<sup>1</sup> The nine areas of subregional cooperation under the GMS program are transport, energy, telecommunications, environment, human resource development, tourism, trade, private sector investment, and agriculture.

TWG Agenda	Activities and Initiatives During 1995–2004
Improving human resources in the tourism sector	<ul style="list-style-type: none"> <li>• With the assistance of ADB, JICA, UNESCAP, and UNESCO</li> <li>• Training of trainers in tourism (TA 5647, 1995)</li> <li>• Tourism skills development (TA 5807, 1998)</li> <li>• Follow-up training courses under TA 5807 for experienced tourism trainers were undertaken at the Mekong Institute at Khon Kaen University in 1999</li> <li>• Program of seminars and training courses provided by UNESCAP and funded by JICA, UNESCAP, and UNWTO to build capacities of public sector tourism officials in tourism development and cooperation initiatives</li> <li>• Capacity building for NTOs under the ADB MTDP</li> <li>• Training of public sector NTO officials and site managers and guides at major cultural heritage sites in the subregion by UNESCO with financial assistance from ADB</li> <li>• Other training of public sector officials and guides under the ADB Phnom Penh Plan</li> </ul>
Improving standards of management of natural and cultural resources for conservation and tourism	
Encouraging private sector participation in the subregion's tourism sector	<ul style="list-style-type: none"> <li>• Obtained the support of the Pacific Asia Travel Association (with financial assistance from ADB, UNESCAP, and other donors) in organizing an annual GMS Tourism Forum since 1996</li> <li>• Included an output in part C of the MTDP of provisions for promoting private sector participation in planning, investment, and marketing including the establishment of public–private sector national tourism marketing and promotion boards</li> </ul>
Facilitating the movement of tourists to and within the subregion	<ul style="list-style-type: none"> <li>• TA from UNESCAP and UNWTO to undertake, in conjunction with phase 1 of the Mekong (Lancang) River Tourism Planning Study, a study and subsequent seminar on travel to and within the GMS (1997–1998)</li> <li>• Study of North–South Tourism Flows through the GMS with the assistance of the Thai Tourism Authority in 1998</li> <li>• With the support of the GMS NTOs and Agency for Coordinating Mekong Tourism Activities as the focal point, organized a series of overland tours to pioneer new travel routes in the GMS (since 1999)</li> <li>• With TA from ADB, prepared a prefeasibility study for the development of tourism facilities along the East–West Corridor (2000)</li> <li>• Organized a seminar on Barrier-Free Tourism in the GMS with the support of UNESCAP (2003)</li> <li>• Prepared a study on the introduction of a single GMS visa concept with the support of ADB TA (2003)</li> <li>• Through AMTA, prepared and circulated a matrix of information on air, land, rail, and cruise routes in the GMS (1995 to 2006)</li> <li>• Included provisions in part C of the MTDP for subregional cooperation directed at facilitating the movement of tourists across GMS borders</li> </ul>

ADB = Asian Development Bank, GMS = Greater Mekong Subregion, HRD = human resource development, JICA = Japan International Cooperation Agency, MTDP = Mekong Tourism Development Project, NTO = national tourism organization, TA = technical assistance, UNESCAP = United Nations Economic and Social Commission for Asia and the Pacific, UNESCO = United Nations Education Scientific and Cultural Organization, UNWTO = United Nations World Tourism Organization.

<sup>a</sup> MTDP, currently in its completion phase has four components: part A, undertaking tourism-related infrastructure improvements; part B, promoting pro-poor community-based tourism development; part C, promoting subregional cooperation initiatives for sustainable tourism development; and part D, providing implementation assistance and institutional strengthening.

Source: ADB. 2008. *Regional Tourism Sector Strategy*. Manila. Further details are available in the Supplementary Appendix on Tourism Sector Analysis.

4. During 1995–2004, the TWG promoted several successful subregional projects such as the Mekong Tourism Forum, a key activity in the annual tourism agenda; and the Jewels of the Mekong Project, which significantly attracted tourists to the subregion.<sup>2</sup> However, the TWG acknowledged the need for a more holistic and coordinated approach based on focused programs to continue sustainable expansion of the sector, while protecting the natural,

<sup>2</sup> Cited in ADB. 2004. *Technical Assistance for the Greater Mekong Subregion Tourism Sector Strategy*. Manila (TA 6179-REG, for \$800,000, approved on 16 July).

historical, and cultural heritage of the subregion. These observations were indicated during a review of the status of the various tourism programs at the 15th meeting of the Working Group on the GMS Tourism Sector held in Bangkok in 2004. These called for a more strategic approach to effectively implement the tourism sector flagship program and strengthen subregional cooperation in tourism directed at the Millennium Development Goals. A GMS tourism sector strategy was also deemed necessary to provide a subregional vision for the sector and prioritize objectives, programs, and projects.

5. With technical assistance provided by ADB,<sup>3</sup> the GMS Regional Tourism Sector Strategy (RTSS) was completed in 2005. It presents a comprehensive framework of programs for 2006–2015 and an action plan for a detailed schedule of projects for the first 5 years. It identifies 29 strategic projects grouped under seven strategic programs.

## B. The GMS Regional Tourism Sector Strategy

6. The RTSS was prepared within the overall 10-year GMS strategic framework of the GMS Economic Cooperation Program directed at achieving the Millennium Development Goals of substantial poverty reduction, greater gender equality and women's empowerment, and sustainable development. Its objective is to develop and promote the Mekong as a single destination, offering a diversity of good quality and high-yielding subregional products that help distribute the benefits of tourism more widely; add to the tourism development efforts of each GMS country; and contribute to poverty reduction, gender equality and empowerment of women, and sustainable development, while minimizing any adverse impacts.

7. The strategy is envisioned to promote a pattern of tourism that is more environmentally and socially sustainable; pro-poor; gender sensitive; and protects vulnerable groups such as women, children, and ethnic minorities from the adverse impacts of tourism. To work toward the overall goal and objective, seven core strategic programs were identified: marketing, human resource development, heritage and social impact management, pro-poor tourism development, private sector participation, facilitation of the movement of tourists to and within the subregion, and development of tourism-related infrastructure (Table A3.2).

**Table A3.2: GMS Tourism Sector Strategy Core Programs**

Core Strategic Thrusts	Programs
<b>Marketing.</b> Foster the development of multicountry tourism in the GMS by stimulating demand from appropriate high-yield markets through joint promotional activities.	Develop subregional institutional capacity to manage the destination-marketing function.
	Enhance product development and product quality.
	Enhance promotion of the subregion as a single destination.
<b>Tourism-related infrastructure development.</b> Jointly plan and develop tourism infrastructure in the GMS with a view to ensuring wider distribution of tourism benefits and supporting pro-poor tourism development in designated priority zone.	Provide feeder roads to tourist attractions and related poor communities to spread the benefits of tourism more widely and to reduce poverty.
	Provide small-scale social and environmental infrastructure to support town and village tourism activities.
	Provide tourism-related infrastructure designed to enhance the protection and interpretation of the subregion's key cultural and natural heritage sites.

<sup>3</sup> ADB. 2004. *Greater Mekong Subregion Tourism Sector Strategy*. Manila. Available: <http://www.adb.org/GMS/projects/reta-6179.asp>

Core Strategic Thrusts	Programs
<p><b>Human resource development.</b> Upgrade skills of the tourism leaders and trainers of the GMS to ensure that the strategy can be implemented and that qualified staff are in place to manage tourism demand.</p>	<p>Construct piers and jetties to support water access to the Mekong River.</p> <p>Enhance border facilities.</p> <p>Develop rest areas, toilets, visitor information, and other support infrastructure at key tourism sites for the protection of important natural and cultural heritage.</p> <p>Develop a culture of human resource development (HRD) in the NTOs and identify senior champions for HRD, create HRD support groups, draft NTO-based HRD plans and programs, and put in place mechanisms to ensure that staff receiving professional development act as trainers to pass on their knowledge.</p> <p>Build the capacity of mid-level public NTO and related government organization officials by conducting a detailed training needs analysis, developing training kits and manuals in local languages, digitizing the training materials and making them available on a web site, conducting in-country train-the-trainer programs, and cascading training to other trainers.</p> <p>Train a corps of master hospitality skills trainers in each GMS country based on adopting the ASEAN skills standards and certification systems, producing training manuals and teacher training kits, translating these into the GMS languages, cascading the training to other trainers in country, and creating a web-based knowledge center accessible to a wide audience.</p> <p>Upgrade the capacities of deans, professors, and lecturers in academic institutions by sending them on international study tours to universities with high academic standards, sending young teachers on international scholarships for their postgraduate degrees, and developing customized training programs for teachers on the latest trends in hospitality and tourism education to be delivered in-country in the national language.</p>
<p><b>Heritage and social impact management.</b> Promote higher standards in the management of natural and cultural resources for conservation and tourism; and provide measures to ensure greater and fairer participation by women, and protect vulnerable groups (women, children, and ethnic minorities) from the adverse impacts of tourism.</p>	<p>Enhance the management of tangible and intangible cultural heritage through capacity building of heritage managers and designation of key.</p> <p>Address the needs to improve natural heritage training and to create cross-border protected area management unit complementarities and cooperation through projects designed to train heritage managers to protect and manage priority heritage sites for tourism; provide training guides at heritage sites; and create ecological corridors, i.e., setting up transborder complementarities for better tourism management of protected areas.</p> <p>Address the negative social impacts (trafficking; commercial sex work, especially sexual exploitation of children in tourism; and HIV by advocating for change at the highest levels to garner support, and working in the community where the impact is most immediately felt.</p>
<p><b>Pro-poor and equitable distribution of benefits.</b> Help reduce the incidence of poverty and increase rural incomes.</p>	<p>Broaden the pro-poor tourism development approach by continuing to create opportunities to bring tourists to villages and towns in high poverty incidence provinces; widen the tourism livelihood opportunities available; provide the framework for the local population to engage in businesses and in direct employment opportunities in the tourism area, and create indirect employment opportunities from the production of tourism-related inputs. The program will be implemented using six pilot pro-poor tourism development projects.</p> <p>Mainstream all relevant aspects of poverty-reduction strategies and activities with tourism strategies and activities based on a cross-sectoral national, provincial, and local approach; coordinate legislative policy and planning; establish national poverty reduction and tourism ministerial task force or implementation committees; ensure effective coordination with donors and nongovernment organizations; develop targeted training programs for policy makers and planners on tourism and poverty reduction; and prepare relevant tourism case studies and share them through site visits, workshops, and websites.</p>
<p><b>Private sector participation.</b> Encourage private sector participation and partnerships in</p>	<p>Strengthen small- and medium-sized enterprises and the private sector and its institutions in the tourism-related industry.</p> <p>Develop a tradition of partnering with the private sector.</p>

Core Strategic Thrusts	Programs
planning, investment, marketing, and human resource development in the GMS tourism sector.	<p>Develop a GMS-wide approach to establishing effective mechanisms for private–public sector interface and communication in the tourism sector.</p> <p>Target the issue of developing stronger private–public sector partnerships at the 2006 Mekong Tourism Forum.</p>
<b>Facilitation of movement of tourists.</b> Identify and reduce impediments to travel to and within the GMS.	<p>Increase the number of border points providing visas on arrival and make visa extensions easier to obtain in local areas especially in the priority tourism zones.</p> <p>Increase the number of border check points handling passport visa travelers serving the priority tourism zones.</p> <p>Develop a single GMS-wide visa concept.</p> <p>Reduce border checkpoint inspection and processing times and costs.</p> <p>Facilitate the operation of international airlines, bus services, cruise vessels, major rental operators, and private vehicles.</p> <p>Explore the need and modalities of a GMS tourism facilitation working group, or examine its integration into other GMS flagship programs.</p>

ASEAN = Association of Southeast Asian Nations, GMS = Greater Mekong Subregion, NTO = national tourism organization.

Source: Asian Development Bank. 2008. *Regional Tourism Sector Strategy*. Manila. Further details are available in the Supplementary Appendix on Tourism Sector Analysis.

8. **Implementation Arrangement.** The implementation of the regional tourism sector strategy (RTSS) requires the support of GMS national, provincial, and local governments; the private sector; and development partners including nongovernment organizations, multi- and bilateral financial institutions, and development agencies. The GMS countries have agreed to divide responsibility among themselves in leading strategic projects based on their interest and capacity. MTCO is tasked with marketing the subregion as a single destination and coordinating the seven program areas, action plans, and projects. The RTSS recommends that a nonexecutive chairperson be appointed from among the NTOs to provide an effective link between MTCO, TWG, and the NTOs, and a tourism ministers group or standing committee be established to provide leadership to the TWG, MTCO, and the subregional industry. Further, the Mekong Tourism Forum was to be refocused toward the program areas under the strategy and action plan, with organizational responsibility shared by the host country and MTCO. A budget of \$70,000 per year was set for MTCO operations with most of the funds coming from country contributions with additional contributions from development partners and other sources in the private sector.

### C. Progress on Priority Programs

9. Since launching the RTSS in October 2005, a number of important actions have been accomplished (Table A3.3). Foremost of these pertain to detailed action planning and implementation arrangements affecting progress of the seven core programs: (i) development of a road map for sustainable and pro-poor tourism development in the GMS with assignments of responsibilities for implementing strategic projects given to GMS lead countries; (ii) preparation and implementation of an action plan to implement priority projects under the strategy, approved by the GMS tourism ministers; (iii) presentation of the strategy and its programs and projects to potential donors at a conference in Bangkok in January 2006 to link them with the lead countries for these projects (the Government of France, Netherlands Development Organization [SNV], New Zealand's International Aid and Development Agency, UNESCO, Government of Luxembourg, and UNESCAP have contributed to human resource development, pro-poor tourism development, and project coordination in MTCO); and (iv) restructuring of the subregional tourism institutional arrangements including the replacement of the Agency for

Coordinating Mekong Tourism Activities with MTCO with funding for 2 years, increasing its competencies to include project implementation coordination, and appointing a full-time executive director and project coordinator to support implementation of the GMS RTSS.

**Table A3.3: Progress of GMS Tourism Sector Strategy Core Programs**

Core Program and Priority Projects <sup>a</sup>	Accomplishments, Status to Date
Marketing and Product Development	<p>MTCO and the private sector worked together in 2006 and 2007 to implement ad hoc publicity and promotion activities including GMS presentations at trade shows; to produce a GMS map, brochure, posters, and guide book; and to revitalize the GMS tourism website.</p> <p>A marketing strategy and action plan for marketing the subregion as a single destination prepared for 2008–2009, approved by the ministers, is now being implemented.</p> <p>Brand and slogan were developed for the Explore the Mekong campaign scheduled for 2010.</p> <p>A partnership was signed with a leading company for online booking.</p> <p>The website <a href="http://www.exploremekong.org">www.exploremekong.org</a> was developed with the private sector.</p> <p>A private sector advisory group representing leading regional tourism companies was developed.</p> <p>Sponsorship of major private sector firms (Visa International, MasterCard) as well as regional firms (Diethelm Travel, Asian Trails) was sought.</p>
<p>Tourism-Related Infrastructure for Sustainable Development Along Corridors and Circuits:</p> <ul style="list-style-type: none"> <li>• Emerald Triangle</li> <li>• Southern Economic Corridor</li> <li>• Green Triangle</li> <li>• North–South Corridor</li> <li>• East–West Economic Corridor</li> <li>• Heritage Necklace</li> </ul>	<p>A road map was introduced for sustainable and pro-poor tourism development with assignment strategic projects to be implemented by GMS lead countries.</p> <p>The Southern Economic Corridor and the Green Triangle are projects for midterm implementation but trilateral task forces have been created by lead countries, Cambodia and Viet Nam, and thus need immediate support. No task force has been created yet for the north–south corridor led by Yunnan Province and the East–West Economic Corridor led by the Lao PDR. Some proposals have been prepared on the Heritage Necklace project. For the Emerald Triangle many activities have been conducted already under the leadership of Thailand, mainly on capacity building and marketing.</p>
<p>Human Resource Development (HRD):</p> <ul style="list-style-type: none"> <li>• HRD Plan for Public Officials</li> <li>• Capacity Building of Hospitality</li> </ul>	<p>A program of training of trainers and training of site managers and guides at cultural heritage sites in the GMS was undertaken.</p>
Skills Trainers in Vocational Institution	<p>Viet Nam is currently benefiting from a very comprehensive training program funded by the European Commission.</p>
<p>Heritage Conservation and Mitigation of Negative Sociocultural Impacts:</p> <ul style="list-style-type: none"> <li>• Enhancement of tourism management at cultural heritage sites</li> <li>• Development of ecotourism along transboundary biodiversity corridors</li> <li>• Mitigation of social negative impacts and promotion of responsible tourism practices</li> </ul>	<p>Training of cultural heritage managers and guides certification program, implemented by UNESCO and UNESCAP with the support of the French government, is well advanced.</p> <p>The GMS countries have taken a firm stand against child sex tourism as demonstrated through the COMMIT regional seminar in November 2007. MTCO supports this program by offering its website as a platform to disseminate information.</p>
<p>Pro-Poor Tourism Program for Equitable Distribution of Benefits</p> <ul style="list-style-type: none"> <li>• Tourism initiatives to reduce poverty</li> </ul>	<p>Pro-poor tourism approach being adopted with the development of value chain analysis.</p>

Core Program and Priority Projects <sup>a</sup>	Accomplishments, Status to Date
Private Sector Participation: <ul style="list-style-type: none"> <li>• Facilitation of SME investments in tourism-related infrastructure</li> </ul>	Two investment forums in 2005 and 2006 focused on private sector participation in the tourism sector of the GMS in general, and more specifically on pro-poor community-based tourism development.  MTCO is building on existing and past initiatives such as the GMS Business Forum, 2007 SME Forum.
Facilitation of the Movement of Tourists (cross-border facilitation): <ul style="list-style-type: none"> <li>• GMS-wide visa scheme</li> <li>• Upgrading of key border check points</li> <li>• Information databank and monitoring of progress on travel facilitation initiatives</li> </ul>	MTCO is creating a database that will be posted on its website.  MTCO will follow up on the advancement of work to upgrade key border check points in each country particularly the activities under the ADB MTDP in Cambodia, Lao PDR, and Viet Nam.

ADB = Asian Development Bank; GMS = Greater Mekong Subregion; Lao PDR = Lao People's Democratic Republic; MTCO = Mekong Tourism Coordination Office; MTDP = Mekong Tourism Development Project; SME = small- and medium-sized enterprise; UNESCAP = United Nations Economic and Social Commission for Asia and the Pacific; UNESCO = United Nations Education, Scientific, and Cultural Organization.

<sup>a</sup> These are the projects identified by MTCO in consultation with the Tourism Working Group and NTOs as priorities and to be implemented over the short term (2008–2010) and midterm (2008–2012).

Sources: ADB. 2008. *Regional Tourism Sector Strategy*. Manila. Further details are available in the Supplementary Appendix on Tourism Sector Analysis.

**ASIAN DEVELOPMENT BANK ASSISTANCE TO THE TOURISM SECTOR  
SUMMARY OF PROJECT PROFILES, ACCOMPLISHMENTS AND STATUS, AND  
LESSONS AND ISSUES**

**Table A4.1: Asian Development Bank Loans to the Tourism Sector**

Project Identification	Project Description	Assessment and Status	Lessons and Issues
<p>GMS Mekong Tourism Development Project (Loans 1969, 1970, and 1971)</p>	<p>The GMS MTDP aims to promote the development of the tourism sector in the lower Mekong River basin. It is expected to improve tourism-related infrastructure in Cambodia, Lao PDR, and Viet Nam (GMS participating countries), support pro-poor community-based tourism projects in the rural areas of these countries, facilitate private sector participation in tourism marketing and promotion, establish mechanisms to increase subregional cooperation, and facilitate the movement of tourists across borders.</p> <p>The Project has four parts: (i) tourism-related infrastructure improvements; (ii) pro-poor, community-based tourism development; (iii) subregional cooperation for sustainable tourism; and (iv) implementation assistance and institutional strengthening.</p>	<p>Overall (BTORs, December 2007 and June 2008). Progress in implementation was significant in the last 6 months of 2007 with all components in each of the participating countries progressing satisfactorily. The Subregional Project Steering Committee meetings were very useful in creating some competition in project implementation among the participating countries, developing opportunities to learn from each other on technical and procedural issues, and increasing cooperation in the sector within the subregion. By mid-2008, the MTDP in Cambodia had progressed satisfactorily since December 2007, particularly the construction of the Siem Reap wastewater management system, and the implementation of parts B and C.</p> <p>Part A was completed satisfactorily in the Lao PDR and is progressing very satisfactorily in Cambodia and Viet Nam (BTOR, June 2008). These projects include upgrading of Luang Namtha Airport and construction of access roads to tourism attractions in Khammouane and Louangphrabang provinces. However, in Cambodia, the upgrading of the Stung Treng airport was canceled due to significant cost overruns in the Siem Reap wastewater management subproject and lack of economic viability of the airport. Project duration was extended by 2 years to complete the subproject in Siem Reap and construction of Rattanakiri airport. The road to the Genocide Memorial in Phnom Penh is complete and the number of tourists has since doubled. In Viet Nam, most of the civil works contracts have been awarded. However, the Project will need to be extended by 1 year.</p> <p>As of May 2008 (BTOR, June 2008), part B has progressed very satisfactorily in the Lao PDR and is now progressing satisfactorily in Cambodia and Viet Nam, where several tourism products have been identified and developed, small tourism infrastructure constructed, promotional and awareness-raising materials developed, and many training courses for local communities implemented.</p> <p>Part C: Progress has been reportedly slow due to the need for consultation and coordination among participating countries. Key results achieved as of Jun 2008 include (i) preparation of a subregional guide for socially responsible tourism, (ii) improvement of tourism facilities at border posts and training of immigration officers to deal with tourists in Cambodia and the Lao PDR in the English language, (iii) preparation of draft decrees in each</p>	<p>Cumulative disbursements are still low in Viet Nam.</p> <p>The project required extensions in Cambodia and Viet Nam.</p> <p>Most NTOs lack sufficient capacity to implement priority projects under the RTSS.</p> <p>The MTCO lacks sufficient human and financial resources to implement a comprehensive strategy for the next decade.</p> <p>Subregional cooperation has been challenging and slow due to the need for consultation and coordination among participating countries. However, it has proved to be an efficient mechanism to implement pilot initiatives and foster dialogue on critical issues common to participating countries (BTOR 2008).</p>

Project Identification	Project Description	Assessment and Status	Lessons and Issues
		country to establish national tourism marketing and promotion boards, (iv) establishment of hotel classification systems in the Lao PDR and Cambodia and holding of seminars to establish a common system, (v) subregional discussions to harmonize GMS tourism statistics and preparation of tourism satellite accounts, and (vi) implementation of a joint training program for World Heritage site guides (in coordination with UNESCO).	
<p>Loan 1969-CAM: GMS Mekong Tourism Development Project</p> <p>ADB Financing: \$15.6 million</p> <p>Period: 12 December 2002–30 June 2008</p> <p>Executing Agency: Ministry of Tourism</p>		<p>Project is ongoing. Project performance report (PPR) ratings as of 31 January 2008: impact and outcome (IO)—satisfactory; implementation progress (IP)—satisfactory</p> <p>Overall Progress (BTORs October 2007, December 2007, June 2008). Initial project implementation was very slow because of significant delay in the detailed design and procurement for the wastewater management system in Siem Reap and Rattanakiri airport and cost overrun. By May 2008, project progress significantly accelerated since December 2007. About 40% of the wastewater treatment system in Siem Reap has been completed. Parts B and C are almost complete. In addition, construction of an access road and bridges to the Genocide Memorial in Phnom Penh was completed on 28 March 2007 (and the number of tourists has since doubled). As of 26 May 2008, overall progress was 74% against the revised elapsed implementation period of 72%.</p> <p>Note: The change in project scope was approved on 11 February 2008 canceling the Stung Treng airport improvement subproject, reallocating loan proceeds, increasing local cost financing and changing the financing plan, extending the loan closing date to 30 June 2010, and deleting the loan covenant (PPR, January 2008).</p>	<p>The project scope was changed because of significant cost overruns in the Siem Reap wastewater management subproject and lack of economic viability of the airport. An extension was needed to complete the subproject in Siem Reap and the construction of Rattanakiri airport, which was delayed by about 30 months.</p>
<p>Loan 1970-LAO: GMS Mekong Tourism Development Project</p> <p>ADB Financing: \$10.9 million</p> <p>Period: 12 December 2002–30 June 2008</p> <p>Executing Agency: National Tourism Authority</p>		<p>The project is ongoing. PPR ratings as of 31 January 2008: IO—satisfactory; IP—satisfactory. Coordination among NTOs, other line agencies, and provincial authorities is excellent.</p> <p>Counterpart funding is inadequate.</p> <p>The Government is fully committed</p> <p>Overall Progress (BTORs, October 2007 and December 2007). Project progress has been satisfactory and estimated at 74% (as of August 2007) against the elapsed implementation period of 84%. All project components would have been completed to date, a slight delay of 6 months. The delay is mainly because of the need to realign the Konglor Cave access road due to obstruction of electricity posts and to redesign the road due to flooding in some areas caused by construction of a nearby dam.</p>	<p>Total gross revenues at four destinations and tour company branches that have received support from the project increased from \$490,000 in 2005 to \$801,000 in 2006 (MTR as indicated in PPR January 2008).</p> <p>Based on surveys, 50% of respondents are not satisfied with the income they gain from tourism and would like to earn more (MTR as indicated in PPR January 2008).</p>
<p>Loan 1971-VIE: GMS Mekong Tourism</p>		<p>Project is ongoing. PPR ratings as of 29 February 2008: IO—satisfactory; IP—satisfactory.</p> <p>Overall Progress (BTOR, 17 March 2008). As of</p>	<p>Close monitoring of implementation is crucial to ensure projects are completed</p>

Project Identification	Project Description	Assessment and Status	Lessons and Issues
<p>Development Project</p> <p>ADB Financing: \$8.5 million</p> <p>Period: 12 December 2002–30 June 2009</p> <p>Executing Agency: Viet Nam National Administration of Tourism; Provincial People's Committees of An Giang and Tien Giang provinces</p>		<p>29 February 2008, overall physical completion was estimated at 65% against the revised elapsed implementation period of 80%. The Project achieved cumulative contract awards of \$4.919 million (48.4%), and cumulative disbursements of \$2.343 million (23.0%) against total net loan amount of \$10.173 million. Project performance has accelerated in the last 6 months and is satisfactory. Viet Nam National Administration of Tourism, the project coordination unit, and provincial project management units have committed to implement the agreed actions within the timelines. Close monitoring of the implementation of civil works for Tien Giang Environmental Improvement Project is crucial to ensure that the tourism project will be closed as scheduled.</p> <p>Note: On 10 January 2008, a 1-year extension of the loan closing date up to 30 June 2009 was approved and on 28 January 2008 the Project was delegated to the Viet Nam Resident Mission, becoming effective on 1 February 2008 (PPR, January 2008).</p>	<p>on time.</p>

BTOR = back-to-office-report; GMS = Greater Mekong Subregion; IO = impact and outcome; IP = implementation progress; Lao PDR = Lao People's Democratic Republic; MTCO = Mekong Tourism Coordination Office; NTO = national tourism organization; MTDP = Mekong Tourism Development Project; RTSS = regional tourism sector strategy; UNESCO = United Nations Educational, Scientific, and Cultural Organization.  
Source: Asian Development Bank loan documents.

**Table A4.2: Asian Development Bank Technical Assistance Projects**

Project Identification	Project Description	Accomplishments/Status and Issues
<p>TA 6279: Preparing the Sustainable Tourism Development (formerly Pro-Poor Tourism Development)</p> <p>TA Type: Feasibility study, project preparatory</p> <p>ADB Financing: \$900,000</p> <p>Period: 8 December 2005–30 April 2008</p> <p>Executing Agency: ADB (assisted by the Mekong Tourism Coordination Office)</p>	<p>The TA aims to formulate a project that will contribute to the objective of the GMS tourism sector strategy of developing a pattern of tourism in the GMS that is sustainable, equitable, pro-poor, socially responsible, and internationally competitive.</p> <p>Activities are in two phases: phase 1: selection of specific sites and subprojects as models for sector reforms and good practices; phase 2: preparation of feasibility studies for subprojects.</p>	<p>Ongoing.</p> <p>TPR ratings as of 29 February 2008: impact and outcome (IO)—satisfactory; implementation progress (IP)—satisfactory.</p> <p>Draft final report completed and submitted in December 2006. Feasibility studies for the Lao PDR and Viet Nam are being completed as of 11 March 2008. The TA was extended to allow more time for finalization of the feasibility studies.</p>
<p>TA 6179: GMS Tourism Sector Strategy</p> <p>TA Type: Advisory</p> <p>ADB Financing: \$800,000</p> <p>Period: 16 July 2004–30 April 2006</p> <p>Executing Agency: Agency</p>	<p>The TA was expected to contribute to increased tourism cooperation in the GMS to promote the development and sustainability of the tourism sector and to reduce poverty. Its expected outcome was to assist the GMS countries in preparing a 10-year subregional strategy and a 5-year action plan for a sustainable tourism sector, and to provide a framework for the development and implementation</p>	<p>Closed.</p> <p>Highly successful (TCR, June 2007): (i) TA outputs were delivered on time and exceeded expectations in spite of the ambitious TA scope; (ii) the inclusion of Guangxi Zhuang Autonomous Region in the TA in the middle of its implementation was a significant challenge that was resolved successfully; (iii) the consultants coordinated closely with ADB staff, NTO</p>

Project Identification	Project Description	Accomplishments/Status and Issues
for Coordinating Mekong Tourism Activities	of the GMS tourism flagship program. The strategy was to include a comprehensive framework of programs for 2006–2015, and an action plan for a detailed schedule of projects implemented during the first 5 years. The TA was to recommend ADB interventions to support the tourism sector strategy and action plan.	<p>officials, and stakeholders; and worked well with counterpart staff; (iv) the TA successfully assisted the TWG in preparing a comprehensive and relevant strategy to develop subregional tourism; and (v) the TA provided recommendations for ADB interventions to support the tourism sector strategy.</p> <p>The consultation process and consensus building was challenging due to the participation of six countries, and the wide diversity and interests of stakeholders; but this was fundamental for TA success.</p> <p>The preparation of videos, brochures, and quality publications summarizing the RTSS was useful for dissemination within the region.</p> <p>Recommendations and Follow-Up Actions. To ensure that the sector benefits from this TA and the RTSS are effectively implemented, ADB should provide additional support to the TWG through TA and projects to assist in implementing the RTSS. ADB should provide support to MTCO by seconding a tourism expert to MTCO to assist the GMS countries in coordinating and implementing the RTSS. ADB should also support the TWG to attract support from other development partners. Coordination with other sectors in the GMS on which ADB is active will be important.</p>
<p>TA 5893 : Mekong/Lancang River Tourism Infrastructure Development</p> <p>TA Type: Feasibility study/project preparatory</p> <p>ADB Financing: \$600,000</p> <p>Period: 28 December 1999–30 December 2003</p> <p>Executing Agency: Agency for Coordinating Mekong Tourism Activities</p>	<p>The TA was to prepare a feasibility study of priority tourism infrastructure development projects within the GMS, and identify ways to strengthen subregional cooperation and management mechanisms to preserve and protect the Mekong River, its environs, and its cultural and historical heritage. The feasibility study was expected to identify high-priority infrastructure subprojects for possible ADB and public–private sector financing.</p>	<p>Closed.</p> <p>TPR ratings as of 30 January 2004: IO—satisfactory; IP—satisfactory (financially closed, no TCR found in the database).</p>
<p>TA 5807: Tourism Skills Development in the GMS</p> <p>TA Type: Advisory</p> <p>ADB Financing: \$125,000</p> <p>Period: 29 September 1998–30 April 1999</p>	<p>The TA consisted of three main activities: part A: basic skills training including training needs analysis, instructional methods, planning, preparation, and presentation; part B: advanced skills training program including subjects such as tourism in a market economy, definition of the roles of Government and the private</p>	<p>Closed.</p> <p>Generally successful (TCR, October 1999). Participants of the two training courses conducted provided positive feedback, and a majority felt that the topics discussed were very relevant to their work. The skills developed will be applied to their current assignments. Although part C of the TA</p>

Project Identification	Project Description	Accomplishments/Status and Issues
Executing Agency: Tourism Authority of Thailand	sector in tourism, development of tourism product and service standards, regulation and licensing, and tourism planning; and part C: assistance to NTO in strengthening existing training units through the provision of intensive train-the-trainer type courses, design of appropriate curricula, and establishment of new units in NTOs (in the Lao PDR and Cambodia) through training of core staff and development of a training plan. The Tourism Authority of Thailand provided cofinancing of \$10,000.	was devoted exclusively to building capacity of the NTOs, the benefits derived by the participants under parts A and B will contribute significantly to strengthening institutional capacities of the individual NTOs.
<p>TA 5743: Mekong/Lancang River Tourism Planning Study</p> <p>TA Type: Advisory</p> <p>ADB Financing: \$600,000 (Japan Special Fund)</p> <p>Period: 24 June 1997–September 1998</p> <p>Executing Agency: Agency for Coordinating Mekong Tourism Activities</p>	<p>The TA aimed to assist the NTOs of the GMS countries in evaluating the feasibility of developing the tourism potential of the Mekong River in a way that promotes cooperation between subregional countries and protects the physical and cultural environment. The TA had the following activities: (i) prepare segment concept plans for each of the identified six river segments; (ii) analyze legal, financial, and administrative mechanisms needed for cooperative river tourism management; (iii) hold country workshops to secure agreement on the draft plans; (iv) present the draft final plans at industry seminars to obtain private sector views; and (v) prepare an overall concept plan.</p>	<p>Closed.</p> <p>Generally successful (TCR, May 1999). The TA's objectives were fully accomplished. The tourism development projects and investment opportunities in each of the river segments were highlighted including presentation of a summary of projects and estimated costs. A participatory planning assessment of the Mekong (Lancang) river's tourism potential was completed with detail that will greatly facilitate preparation of a project feasibility study. Awareness of the tourism potential of the river was significantly raised among industry circles, especially those interested in investing in infrastructure facilities. Issues connected with cost and revenue sharing, customs and quarantine, immigration, airline liberalization, and simplification of administrative processes were highlighted and reviewed with participants for early resolution by governments concerned.</p> <p>No specific lessons were identified, but certain design assumptions were validated. The TA's participatory nature was crucial to its success—the planning workshops, field surveys, and focus group discussions ensured that all stakeholders' views were integrated. Also, considerable planning was undertaken ahead of the TA to involve the NTOs and the tourism industry in drafting the terms of reference for the study and in carefully structuring the work plan. These were two major factors in enhancing the TA's value.</p>
<p>TA 5647: Regional Program to Train Trainers in Tourism in the GMS</p> <p>TA Type: Advisory</p>	<p>The TA was to foster the development of tourism in the subregion by upgrading the teaching skills of trainers in the basic disciplines of the tourism industry in order to improve in-country training capabilities,</p>	<p>Closed.</p> <p>The TA was successfully implemented, accomplished its objective, and should be considered generally successful.</p>

Project Identification	Project Description	Accomplishments/Status and Issues
<p>ADB Financing: \$130,000</p> <p>Period: 23 October 1995–February 1996</p> <p>Executing Agency: ADB</p>	<p>increase the number of trainers, and encourage a common approach to tourism training within the subregion. The TA supported a 4-week training program, beginning in Singapore (from 20 November 1995 to 1 December 1995) and finishing in Thailand (from 4–15 December 1995). Participants were 18 trainers, 3 from each of Cambodia, PRC, Lao PDR, Myanmar, Thailand, and Viet Nam. The program focused on the organization, facilities, curricula, and techniques used in training for the management and provision of tourism services.</p>	<p>Lessons. ADB supervision of a “two-stage” training program could have been better. Coordination arrangements between Ministry of Foreign Affairs and Tourism Authority of Thailand at one level and Temasek Polytechnic and I-TIM were unclear, which caused numerous problems. Further, ADB’s advance payment facility should have facilitated release of funds, but this was not always the case. While ADB payment was timely, release of funds by the Thai correspondent bank was delayed, thus delaying the disbursement of the trainees’ allowance in Thailand.</p>

ADB = Asian Development Bank, GMS = Greater Mekong Subregion, IO = impact and outcome, IP = implementation progress, Lao PDR = Lao People’s Democratic Republic, MTCO = Mekong Tourism Coordination Office, NTO = national tourism organization, PRC = People’s Republic of China, RTSS = regional tourism sector strategy, TA = technical assistance, TCR = technical assistance completion report, TWG = Tourism Working Group.

Sources: Asian Development Bank loan and TA documents.

## STRATEGIES AND PLANS OF OTHER DEVELOPMENT PARTNERS

**Table A5.1: Subregional and Regional Strategies and Plans**

United Nations	World Bank	ASEAN	JICA/Japan Government
<p>UNESCAP promotes sustainable tourism development by encouraging countries in the region to take an integrated approach to developing their tourism potentials. UNESCAP helps and encourages the sharing of experiences and information about countries' policies and practices in environmental management for tourism, with a particular focus on coastal areas. Making travel less problematic is another important focus of UNESCAP.</p> <p>In carrying out tourism activities, UNESCAP maintains close links with the UNWTO, ADB, Pacific Asia Travel Association (PATA), UNESCO, and UNEP.</p> <p>Under the GMS program, the United Nations participates in (i) improvement of human resources in GMS countries through the UNESCAP Network of APETIT and UNWTO; (ii) pro-poor tourism development program through UNWTO's community-based projects ST-EP program; and (iii) private sector participation. UNESCAP recently undertook a study on tourism investment policies, procedures, and priorities.</p> <p>For 1999–2008: UNESCAP (i) participated in the 9th–17th meetings of the GMS Tourism Working Group; and (ii) conducted the following seminars and meetings: Expansion of Tourism in the GMS through Improved Air Transport, Public–Private Partnership in Tourism Development in Asia-Pacific; Regional Workshop on Preventing Child Sex Tourism in Asia through Tourism Industry Training and Human Resources Development; Development of Cruise Shipping and Tourism in the UNESCAP Region; UNWTO–UNESCAP Regional Seminar on Tourism Statistics and the Development of Tourism Satellite Accounts; Training Program on Development and Management of Cultural Tourism in the GMS; Tourism and Poverty Reduction; Sustainable Tourism Resource Management; Barrier-Free Tourism in the GMS; Experts Group Meeting on Measuring and Assessing the Impact of Tourism Initiatives on Poverty Alleviation; Subcommittee on Transport Infrastructure, Facilitation and Tourism (1st session, 2004); APETIT Conference on Tourism Education and Training in the Asia-Pacific Region; Impact of Tourism in Initiatives on Poverty Reduction; Experts Group Meeting on Enhancing the Role of Tourism in Socio-Economic Development and Poverty Reduction; Training of Trainers on Cultural Tourism Sites Management and Guiding.</p>	<p>GMS regional cooperation program. The World Bank promotes high-priority projects including tourism projects.</p>	<p>Major integration-related economic activities of ASEAN include (i) Visit ASEAN Campaign, and (ii) the private sector-led ASEAN Hip-Hop Pass to promote intra-ASEAN tourism.</p> <p>It also has the ASEAN Tourism Forum (ATF) consisting of 10 member countries in Southeast Asia including five GMS countries. Since its inauguration in 1981, the ATF has been promoting the ASEAN region as a major tourist destination and is gaining increasing recognition and importance among ASEAN sellers and international buyers, establishing itself as one of the industry's major tourism events. Specifically, the ATF aims to (i) project ASEAN as an attractive, multifaceted single destination; (ii) create and increase awareness of ASEAN as a highly competitive regional tourist destination in the Asia–Pacific area; (iii) attract more tourists to individual ASEAN member countries or a combination of them; (iv) promote intra-ASEAN travel; and (v) strengthen cooperation among the various sectors of the ASEAN tourism industry.</p>	<p>JICA program for tourism development in the East–West Economic Corridor has a budget of \$2 million for 2007–2010.</p>

ASEAN = Association of Southeast Asian Nations; GMS = Greater Mekong Subregion; JICA = Japan International Cooperation Agency; UNEP = United Nations Environment Programme; UNESCAP = United Nations Economic and Social Commission for Asia and the Pacific; UNESCO = United Nations Educational, Scientific, and Cultural Organization; UNWTO = United Nations World Tourism Organization.

Sources: ASEAN website ([www.aseansec.org/](http://www.aseansec.org/)); ASEAN Tourism Forum website (<http://www.atf2006.com/>); UNESCAP website (<http://www.unescap.org/jecf/p08tourism.html>).

Table A5.2: National and Country Strategies and Plans

Country	United Nations	World Bank	European Commission	JICA/Japan Government	Netherlands Development Organization
Cambodia	<p>UNWTO is assisting Cambodia in formulating a long-term plan for CBET. The main activities include (i) four pilot community-based projects; (ii) national and local HRD strategy project; (iii) institutional streamlining of the Ministry of Tourism to better equip the institution for CBET development; (iv) diversification and short-, medium-, and long-term marketing strategy for CBET; and (v) small- and medium-sized enterprise skills enhancement.</p> <p>UNESCAP conducted (i) National Seminar on Sustainable Tourism Resource Management (2003); and (ii) training-of-trainers workshop on Cultural Tourism Sites Management and Guiding in Cambodia (2008).</p>	<p><b>Empowerment of the Poor in Siem Reap Project.</b> The \$990,000 grant provided by the Japan Government through the World Bank will help the Cambodia Government prepare a new project to improve the lives of the poor in Siem Reap province by linking them to the fast-growing tourism sector. The project is intended to create backward linkages between the fast-growing tourism industry and the poor population of Siem Reap province. It aims to empower poor people by enhancing their skills and knowledge, market access, and bargaining power; and to enable them to participate in growth generated by the tourism industry.</p>		<p>Empowerment of the Poor in Siem Reap Project</p>	<p><b>Pro-poor tourism development program</b> through assistance to the Ministry of Tourism to (i) develop a stakeholder-agreed, national ecotourism strategy, (ii) implement the Mekong Tourism Development Project, and (iii) build institutional capacity.</p>
Lao PDR	<p>UNESCAP conducted the (i) Seminar on Tourism Promotion (1999), (ii) National Seminar on Sustainable Tourism Development (2002), (iii) National Seminar on Enhancing Customer Services in the Tourism Industry (2002), and (iv) training-of-trainers workshop on Cultural Tourism</p>		<p>The European Commission is funding development and marketing of the Lao Association of Travel Agents (through SNV).</p>	<p>Recently announced support for tourism development and marketing for Kaysone Phomvihane Provincial Tourism Office.<sup>a</sup></p>	<p><b>Pro-poor sustainable tourism.</b> SNV seeks to understand the broader impacts of tourism on poor people in the Lao PDR in order to optimize its interventions in the south of the country. It</p>

Country	United Nations	World Bank	European Commission	JICA/Japan Government	Netherlands Development Organization
	Sites Management and Guiding (2007).				focuses on destination development value chains, tourism-related supply chains, excursions-transport supply chains, the food supply chain, and the handicrafts supply chain.
Myanmar	UNESCAP conducted (i) management training course on Agro-Business, Handicrafts and Tourism (2000); (ii) National Seminar on Sustainable Tourism Development (2000), and (iii) National Seminar on Sustainable Development of Ecotourism (2002).	No World Bank operations.			
Thailand	UNESCAP's assistance for the Heritage Necklace and Emerald Triangle projects focuses on product development, marketing, and human resource development. UNESCAP conducted (i) seminar on Tourism and Transport Linkages between Thailand and Neighboring Countries (2004), and (ii) training-of-trainers workshop on Cultural Tourism Sites Management and Guiding in Thailand (2007).				
Viet Nam	UNESCAP conducted (i) National Workshop on Development of a National Ecotourism Strategy for Viet Nam (1999), and (ii) training-of-trainers workshop on Cultural Tourism Sites Management and Guiding in Viet Nam (2007).		European Commission has a major tourism training program under way.		<b>Pro-poor sustainable tourism.</b> SNV seeks to understand the broader impacts of tourism on poor people in Viet Nam in order to optimize its interventions in central Viet Nam. SNV's strategy is to focus on initiatives that (i) exploit the synergies for impacts and funding potential through collaboration on a

Country	United Nations	World Bank	European Commission	JICA/Japan Government	Netherlands Development Organization
					regional basis, (ii) target high impact supply chain development and significant upscaling of previous community-based tourism approaches through partnership (with development organizations and tourism businesses), and (iii) are in the context of larger regional initiatives (such as the ADB or WWF's Green Corridors initiative).

ADB = Asian Development Bank, ASEAN = Association of Southeast Asian Nations, APETIT = Asia-Pacific Education and Training Institutes in Tourism, ATF = ASEAN Tourism Forum, CBET = community-based ecotourism, GMS = Greater Mekong Subregion, JICA = Japan International Cooperation Agency, PATA = Pacific Asia Travel Association, PPST = pro-poor sustainable tourism, SNV = Netherlands Development Organization, UNEP = United Nations Environment Programme, UNESCAP = United Nations Economic and Social Commission for Asia and the Pacific, UNESCO = United Nations Education Scientific and Cultural Organization, UNWTO = United Nations World Tourism Organization, WWF = World Wildlife Fund.

<sup>a</sup> As indicated in SNV Lao PDR with Savan Institute of Management and SNV Viet Nam with Hué College of Economics (December 2007), Tourism on Road 9 in Lao PDR and Viet Nam: Identifying opportunities for the poor, A value chain appraisal.

Sources: SNV Lao PDR with Savan Institute of Management and SNV Viet Nam with Hué College of Economics (December 2007), Tourism on Road 9 in Lao PDR and Viet Nam: Identifying opportunities for the poor, A value chain appraisal; UN-ESCAP <http://www.unescap.org/jecf/p08tourism.html>; <http://siteresources.worldbank.org/INTTHAILAND/Resources/GMSProgramNov2007.ppt#5>; European Commission website ([www.ec.europa.eu](http://www.ec.europa.eu)); UNESCAP, Bangkok. ASEAN website [www.aseansec.org/](http://www.aseansec.org/) and ATF website <http://www.atf2006.com/>.

## EVALUATION MATRIXES FOR PROGRAM ASSESSMENT

**Table A6.1: Overall Performance Rating of Asian Development Bank Assistance to Greater Mekong Subregion Tourism**

Item	Aggregate Amount (\$ million)	Weight (%)	Relevance (0–3)	Effectiveness (0–6)	Efficiency (0–3)	Sustainability (0–6)	Impact (0–6)	Description
Loans	35.0	70	2	3	2	4	na	Successful
Technical Assistance	3.2	30	3	5	3	4	4	Successful
Overall Bottom-Up Sector Rating			2	3	2	4	na	Successful

na = not applicable.

Source: Operations Evaluation Mission.

**Table A6.2: Loan Project Evaluation**

Loan No.	Country	Amount (\$ million)	Relevance (0–3)	Effectiveness (0–6)	Efficiency (0–3)	Sustainability (0–6)
GMS: MTDP						
1969	Cambodia	15.6	2	2	2	3
1970	Lao PDR	10.9	2	4	2	4
1971	Viet Nam	8.5	2	2	2	4
		<b>35.0</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>4</b>

GMS = Greater Mekong Subregion, Lao PDR = Lao People's Democratic Republic, MTDP = Mekong Tourism Development Project.

Source: Operations Evaluation Mission.

**Table A6.3: Regional Technical Assistance Evaluation**

TA No.	TA Name	Year of Approval	Status	Relevance (0–3)	Effectiveness (0–6)	Efficiency (0–3)	Sustainability (0–6)	Impact (0–6)	Overall Rating (0=24)
6279	Preparing the Sustainable Tourism Development (formerly Pro-Poor Tourism Development)	2005	Ongoing <sup>a</sup>	3	5	3	4	4	19
6179	GMS Tourism Sector Strategy	2004	Complete	3	6	3	5	4	21
5893	Mekong/Lancang River Tourism Infrastructure Development	1999	Complete	3	5	2	4	4	18
5807	Tourism Skills Development in the GMS	1998	Complete	3	6	3	4	3	19
5743	Mekong/Lancang River Tourism Planning Study	1997	Complete	3	5	3	4	4	19
5647	Regional Program to Train Trainers in the GMS	1995	Complete	3	5	3	4	3	18
	<b>Total</b>			<b>3</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>19</b>

GMS = Greater Mekong Subregion, TA = technical assistance.

<sup>a</sup> Expected to be completed by 30 April 2008.

Source: Operations Evaluation Mission.

**Table A6.4: Regional Technical Assistance Rating Comparison**

<b>TA No.</b>	<b>TA Name</b>	<b>TCR Rating</b>	<b>SAPE Rating</b>
6279	Preparing the Sustainable Tourism Development (formerly Pro-Poor Tourism Development)	Not Available	Successful
6179	GMS Tourism Sector Strategy	Highly Successful	Highly Successful
5893	Mekong/Lancang River Tourism Infrastructure Development	Not Available	Successful
5807	Tourism Skills Development in the GMS	(Generally) Successful	Successful
5743	Mekong/Lancang River Tourism Planning Study	(Generally) Successful	Successful
5647	Regional Program to Train Trainers in Tourism in the GMS	(Generally) Successful	Successful

GMS = Greater Mekong Subregion, SAPE = sector assistance program evaluation, TA = technical assistance, TCR = technical assistance completion report.

Source: Operations Evaluation Mission.