

Case Study 2

ADB Greater Mekong Subregion Sustainable Tourism Development Project



Location: South-East Asian Nations along the Mekong River: Cambodia, China (Yunnan Province), Lao PDR, Myanmar, Thailand, Vietnam

Timeframe: 2003-2014



Summary

The ADB provided six regional technical assistance and a number of loans to Cambodia, Lao PDR and Vietnam under the Mekong Tourism Development Project (MTDP) from 2003-2010, then assisted in the creation of a Regional Strategy in 2005 which informed the loans in the Sustainable Tourism Development Project (STDP) from 2009-2014¹.

Background

In 1992, with ADB's assistance, six Southeast Asian countries entered into a program of sub regional economic cooperation aimed to enhance economic relations among the countries, known as the Greater Mekong Sub-Region (GMS). Subregional tourism cooperation is one of the 11 GMS flagship programs, for which a Tourism Working Group (TWG) was formed with senior officials from GMS National Tourism Organizations (NTOs) to provide leadership and policy guidance for this program. ADB's assistance to the TWG began with the Mekong Tourism Development Project (MTDP), spanning from 2003-2010 and involving a US\$35 million in investment. Its components included:

1. Tourism-related infrastructure improvements
2. Pro-poor community-based tourism (CBT)
3. Subregional cooperation for sustainable tourism
4. Implementation assistance and institutional strengthening

Despite delays in Cambodia and Vietnam leading to a 2 year extension, the infrastructure and CBT financed activities significantly increased tourism arrivals, local employment and income generation at all sites². Urban environmental improvements were carried out in Siem Reap, Sam Mountain and My Tho, access road upgrades and airport extensions for key sites and 49 community-based tourism programs with 50% of the revenue directly benefitting the poor. Environmental conditions at key tourist sites improved³ and regulatory reforms facilitated tourist mobility. Subregional cooperation and promotion were increased through award-winning websites and 53 border crossings offering international tourist visas on arrival. Investments in training and introduction of finance mechanisms to cover infrastructure operations and mechanisms have ensured sustainability in project outcomes.

The differing paces at which participating countries could deploy resources and coordinate with national ministries and departments resulted in reduced success of the subregional cooperation component.

¹ Between 2003 and 2011, ADB provided \$58.7 million in loan and grant assistance to tourism in the GMS

² GMS Mekong Tourism Development Project Special Review Mission. ADB, 2010

³ Due to wastewater treatment facilities and sanitary landfill expansion

There were also limited synergies between ADB's other national/subregional projects and its tourism support activities.

In 2005 the GMS TWG identified the need for a long-term tourism strategy to promote an integrated and equitable vision for the subregion. ADB provided technical assistance to realize the Regional Tourism Sector Strategy (RTSS) with seven priority programs requiring about US\$ 430 million.

The RTSS main objective was to *develop and promote the Mekong as a single destination, offering a diversity of high quality programs that can help to distribute the benefits of tourism more widely; and contribute to poverty reduction, gender equality and empowerment of women, and sustainable development, while minimizing adverse impacts.*

Strategic Programs⁴	Amount (US\$ million)
1. Tourism-related infrastructure development	361
2. Heritage and social impact management	25
3. Human resource development	14.6
4. Pro-poor tourism development	13.5
5. Travel facilitation	7.3
6. Marketing and product development	5
7. Promotion of private sector participation	3

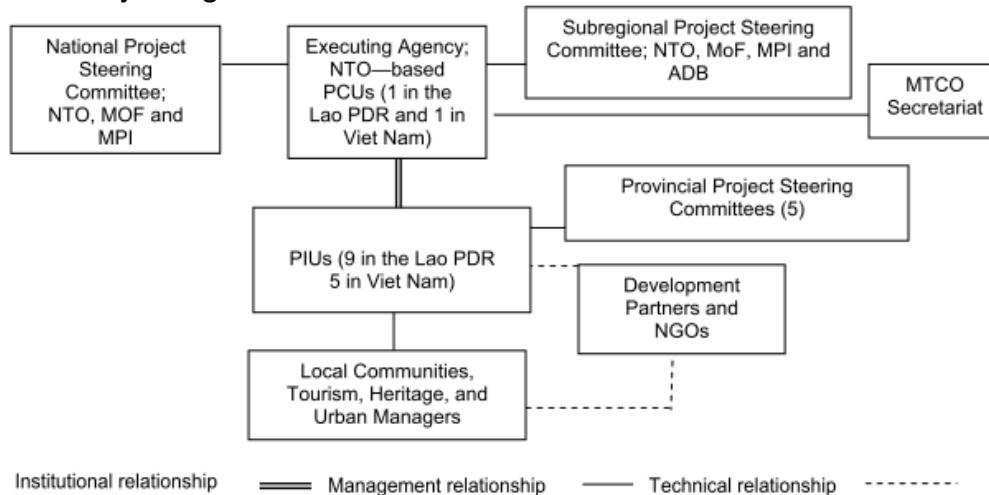
The strategic programs have been implemented through 13 projects focusing on infrastructure provision and upgrading along key tourism corridors and 16 thematic projects on GMS-wide interventions in the area of human resource development, management of cultural and natural heritage and social impacts, pro-poor tourism development, private sector participation, and cross-border facilitation.

Institutional Arrangements

RTSS projects are implemented at the country-level except for joint marketing and promotion, which is led by the Bangkok-based Mekong Tourism Coordinating Office (MTCO). The MTCO also serves as the TWG secretariat, monitoring the implementation of the RTSS. The main mechanism for coordinating tourism activities among development partners are the semi-annual TWG meetings.

⁴ GMS Tourism Sector Assessment Strategy and Road Map, ADB, 2012

Project Organization⁵



The STDP, a continuation of the MTDP, was informed by the RTSS and undertaken from 2009-2014. This program comprises of US\$22 million in loans, with the following components:

1. Model sustainable tourism development to protect the environment and cultural heritage
2. Pro-poor and CBT development
3. Tourism development along GMS economic corridors
4. Human resource development in the tourism sector
5. Implementation assistance

A program evaluation found that ADB contributed substantially to the strategic direction, planning and collective action of the GMS countries through its support as an effective, honest broker, convening power and financing. As of end-2011 implementation is satisfactory, with 50% completion in Lao PDR and 14% in Vietnam⁶.

Critical Success Factors

- The creation of a regional strategy boost and harmonized development partner support for tourism initiatives as well as guided the national strategies of Lao PDR and Cambodia in increasing their pro-poor focus.
- Strong national ownership of the RTSS through integration in national plans, institutional arrangements and adequate capacity allocations
- The continuity of one ADB project officer from fact-finding to completion increased trust, carried-on expertise and facilitated communication and coordination
- The strong focus on pro-poor, community-based pilot projects
- The integrated approach of targeted infrastructure provision and product development in geographic clusters
- Its focus on monitoring and measuring results has increased local and ADB support for sustainable tourism projects

⁵ MoF = Ministry of Finance, MPI = Ministry of Planning and Investment

⁶ Vietnam's lagging progress is due in part to the ongoing transition of its tourism authority into a separate ministry

Issues and Challenges

- Limited private sector participation in TWG meetings
- Difficulties in mobilizing resources for regional promotion
- Variable capacity building of associated agencies, relationships with line ministries, mobilization delays and problems resulted in cost and time escalations and shifting rationale
- Limited regional & national statistical capacity and data (especially on expenditures) complicated the assessment of project impacts

Lessons Learned⁷

Project Design

- Tourists are willing to pay surcharges that can be used to finance operations and maintenance of tourism-related infrastructure. Sound public financial management systems need to be designed to ensure the effective allocation of surcharges
- Private sector involvement is necessary as early as the design stage
- Importance of packaging sustainable tourism products and destinations into multi-country tour circuits
- Public investments in rural and ‘last mile’ access infrastructure, and promotion of MSMEs are crucial to creating conditions for the private sector to expand into emerging destinations
- Upstream policy analysis and impact evaluation should be carried out to increase effectiveness and add value, such as policy dialogue to reduce barriers to subregional travel for international tourists

Institutional Arrangements and Mechanisms

- Roles of subregional and national committees and management units must be clearly defined including job descriptions, training programs, financial incentives for staff, detailed work-plans and budgets, and clear reporting mechanisms
- Adequate resources must be allocated for monitoring and evaluation of performance and impacts, in order to gain and continue support from community leaders and partners
- With the exception of subregional marketing, all implementation should be undertaken at a national level and coordinated at the subregional level
- Up-front capacity building of project management and implementing agencies is key for efficient project implementation

Ownership, Partnering & Capacities

- Promoting local ownership of tourism resources and projects is crucial. Training communities to manage them is a key to sustainable and pro-poor tourism
- PPPs and community-private sector partnerships are important to sustain products, however partners require mediators and guidance in participatory development
- Knowledge sharing and training public officials is crucial, since tourism is complex and little-understood. TWG and Subregional steering committee meetings help facilitate this
- Ecotourism can succeed, and partnership with nongovernment organizations and community can enhance the effectiveness and sustainability

⁷ ADB, 2011

Sustaining Implementation

- Project Coordinating Units (PCUs) and Project Implementing Units (PIUs) are essential for project follow-through, requiring finance and accounting officers as well as training on procedures and audits
- Where implementing agencies lack prior experience with ADB projects, a start-up specialist should be embedded
- One model suite of pro-poor interventions should be developed in each participating province including the development of a community-operated tour site, a PPP-operated tour circuit and a value chain intervention
- Adequate resources and ample time must be provided to support often slowly maturing pro-poor tourism subprojects

Key Considerations for the World Bank

The MTDP and STDP essentially guided the national tourism agendas for nations with less financial and human capacity, such as Laos and Cambodia. In Vietnam it served as a complement to its national strategies while Thailand, a country with high-levels of capacity and tourism development, was merely involved in the subregional coordinating and marketing aspect.

Parallels can be drawn to South Asia, where the different development stages of nations require individualized approaches under a general framework for interventions. This case study also serves as a good example of successful institutional arrangements, of increasing national ownership, and showcases pro-poor tourism pilots, setting the stage for national replication.