



# Technical Assistance Report

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Project Number: 38015  
December 2005

## Technical Assistance to the Greater Mekong Subregion: Preparing the Sustainable Tourism Development Project

## ABBREVIATIONS

ADB	–	Asian Development Bank
GMS	–	Greater Mekong Subregion
IEE	–	initial environmental examination
Lao PDR	–	Lao People’s Democratic Republic
LAR	–	land acquisition and resettlement
MDG	–	Millennium Development Goal
MTCO	–	Mekong Tourism Coordinating Office
MTDP	–	Mekong Tourism Development Project
NGO	–	nongovernment organization
NTO	–	national tourism organization
PRC	–	People’s Republic of China
TA	–	technical assistance

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Targeting Classification</b>	–	General intervention
<b>Sector</b>	–	Industry and trade
<b>Subsector</b>	–	Industry
<b>Themes</b>	–	Sustainable economic growth, regional cooperation, private sector development,
<b>Subthemes</b>	–	Fostering physical infrastructure development, public-private partnerships

## NOTE

In this report, “\$” refers to US dollars.

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## I. INTRODUCTION

1. Following the request of the governments of Cambodia, Lao People's Democratic Republic (Lao PDR), People's Republic of China (PRC), and Viet Nam (the participating countries) for a regional technical assistance (TA) to prepare the Greater Mekong Subregion (GMS) Sustainable Tourism Development Project, an Asian Development Bank (ADB) mission visited the participating countries from 22 August to 3 September 2005. The mission held discussions with the GMS national coordinators, and officials from the national tourism organizations (NTOs) and the ministries of finance. On the basis of these discussions, the mission reached an understanding with the governments on the objectives, scope, cost estimates, financing plan, and implementation arrangements for the project preparatory TA, and the terms of reference for the consultants.<sup>1</sup> The governments of Cambodia, Lao PDR, and Viet Nam have officially expressed interest in availing themselves of ADB funds for the ensuing loans. The Government of PRC, while interested in participating in this TA, will assess at a later date the possibility of borrowing from ADB. It has been proposed that ADB consider financing ensuing loan projects in 2007. The TA has been included in the GMS Regional Strategy and Program (RCSP) 2005–2008.<sup>2</sup> The preliminary project framework is in Appendix 1.

## II. ISSUES

2. The GMS comprises six countries (Cambodia, Lao PDR, Myanmar, PRC [Guangxi Zhuang Autonomous Region and Yunnan Province], Thailand, and Viet Nam) that share the Mekong River and other important natural and cultural resources. The physiography of the subregion supports a vast ecosystem ranging from alpine ecologies in the far north and cool temperate ecologies in central Yunnan to subtropical monsoonal forest ecologies in the central and eastern parts of the subregion and tropical forest ecologies in the southern portions. In addition, the watersheds of the subregion support a vast marine ecosystem in the Andaman Sea, the Gulf of Thailand, and the coastal areas of Viet Nam and of Guangxi in PRC including the Gulf of Tonkin. The watersheds and marine ecosystems of the subregion have nurtured a diverse, ancient, and rich human culture and cultural heritage that is unique to the planet and is an important resource for tourism.

3. The diversity and richness of the subregion's natural and tangible as well as intangible cultural heritage resources supports a substantial tourism flow to and within the subregion, as well as a growing investment in tourism-related infrastructure, facilities, and services. In 2004, international tourism is estimated to have generated more than 16.3 million international tourist arrivals, \$14.7 billion in total receipts, \$22.2 billion in total economic output, \$18.6 billion in net economic income, and \$2.3 billion in government revenue, and sustained 3.8 million jobs in the GMS. International tourism increased at an annual average rate of 8% between 1995 and 2004. As a result of increased connectivity and interest in the subregion as a tourist destination, it is projected that by 2015 total international tourism arrivals alone will increase to around 46 million. Thus, the tourism sector is seen as a major growth engine for socioeconomic development and poverty reduction. It can also promote the conservation of natural and cultural heritage in the subregion.

4. The GMS countries have prepared a GMS tourism sector strategy, which identifies

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<sup>1</sup> The TA first appeared in *ADB Business Opportunities* (Internet edition) on 2 February 2005 under the title "Pro-Poor Tourism Improvements."

<sup>2</sup> ADB. 2005. *Greater Mekong Subregion: Regional Cooperation Strategy and Program Update (2006–2008)*. Manila.

tourism, when done correctly, as one of the major contributors to the goals and objectives of the GMS 10-year strategic framework for economic cooperation. However, a review of the tourism sector in the subregion, done during the preparation of the strategy, has shown that, left to itself, tourism development does not necessarily contribute to those objectives. At present, most of the economic benefits of tourism in the subregion are concentrated in one country (Thailand, which accounts for around 69% of total arrivals, 75% of total visitor days, and 74% of total expenditure) and the distribution of the benefits to those in greatest need—disadvantaged groups, such as the poor, women, and ethnic communities—is minimal. The quality of the key natural and cultural heritage sites of importance to tourism is steadily eroding while the negative social impact of tourism is increasing because of rapid, unmanaged tourism growth. In spite of recent progress, tourists still cannot move easily to and within the subregion and face difficulties crossing borders. The capacity of both public and private sectors to plan and manage tourism destinations and good-quality services efficiently is limited.

5. Some of the main factors underlying these problems are: (i) inadequate product development and promotion at the subregional level; (ii) high levels of imports associated with tourism expenditures resulting from weak economic linkages between tourism and other sectors of the economy; (iii) inadequately developed tourism-related infrastructure; (iv) weak standards of management at natural and cultural heritage sites of importance to tourism; (v) lack of capacity to confront the negative social consequences of tourism; (vi) poor quality of land border checkpoints and overly restrictive cross-border regulations and procedures; (vii) weak human resource capacity and training programs in the public and private sector—especially in vocational skills at small to medium-scale hospitality enterprises; and (viii) weak private sector institutions and participation in tourism planning, development, and marketing. The key issues facing the development of the tourism sector will be not so much about anticipating future short-term growth, but about managing the pattern of growth so that it is more environmentally and socially sustainable, more equitable and pro-poor, and more sensitive to disadvantaged and vulnerable groups, particularly women and ethnic communities.

6. To foster multi-country tourism, the GMS countries have cooperated since 1993 in promoting the subregion as a single destination through the establishment of a GMS tourism working group, the Agency for Coordinating Mekong Tourism Activities, and the “Jewels of the Mekong” campaign. To facilitate access, ensure the environmental sustainability of tourism development in key tourist areas, and promote poverty reduction in the Mekong, the GMS countries have received assistance from ADB and other development partners. ADB’s assistance included the preparation of the Mekong/Lancang River Tourism Planning Study<sup>3</sup> and the GMS: Mekong Tourism Development Project (MTDP)<sup>4</sup> involving the development of 12 tourism-related infrastructure projects, pro-poor community-based tourism development, and subregional cooperation.

7. Past human resource development initiatives have focused on enhancing the skills of tourism leaders, trainers, and professional managers through various TA projects led by the United Nations Economic and Social Commission for Asia and the Pacific with the support of other development partners like ADB, the World Tourism Organization, and the Tourism Authority of Thailand. These have included TA to train trainers in tourism and tourism hospitality skills development in the GMS. The United Nations Educational, Scientific and Cultural

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<sup>3</sup> ADB. 1997. *Technical Assistance to the Greater Mekong Subregion for the Mekong-Lancang River Tourism Planning Study*. Manila.

<sup>4</sup> ADB. 2002. *Report and Recommendation of the President to the Board of Directors on Proposed Loans to Kingdom of Cambodia, Lao People’s Democratic Republic, and Socialist Republic of Viet Nam for the Greater Mekong Subregion: Mekong Tourism Development Project*. Manila.

Organization has been the focal point of initiatives to raise standards in the management of natural and cultural heritage for conservation and tourism in the subregion.

8. In response to the need for a more strategic approach to the problems of the tourism sector, the GMS countries sought and received technical assistance from ADB to formulate a tourism sector strategy and action plan<sup>5</sup> for 2006–2015. The primary focus of the strategy is to promote the subregion as a single destination by ensuring the sustainable expansion of the tourism sector and increasing the attractiveness of the subregion, to bring about a more pro-poor and equitable distribution of tourism benefits, while minimizing any negative social or environmental impact. The strategy addresses these issues through seven core programs: (i) marketing the subregion as a single destination; (ii) developing human resource capabilities; (iii) enhancing the management of cultural and natural heritage areas of importance for tourism, and addressing the negative social impact of tourism; (iv) developing pro-poor tourism and a more equitable distribution of the benefits of tourism; (v) promoting private sector participation in the development of tourism; (vi) facilitating the movement of tourists to and within the subregion; and (vii) developing tourism-related infrastructure to support the first six initiatives. The implementation of the strategy will be coordinated by a new agency to be established in Bangkok on 1 January 2006, the Mekong Tourism Coordinating Office (MTCO).

9. A review of the programs and related action plans with the countries during the fact-finding mission indicated that the priority areas that need immediate support are the programs related to (i) the sustainable development of tourism in natural, cultural, and urban sites; (ii) poverty reduction and social impact management; (iii) the facilitation of cross-border tourism; and (iv) human resource development. This TA seeks to prepare a project that will support the implementation of the strategy in these areas. It will build on and develop the programs and projects identified in the GMS Tourism Sector Strategy and the previous work of the tourism working group.

### III. THE TECHNICAL ASSISTANCE

#### A. Impact and Outcome

10. The primary impact of this TA will be to develop 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. The main outcome of this TA is a feasibility study and a project design for priority tourism-related development subprojects in the GMS, which will serve as models and best-practice cases for sustainable and pro-poor tourism development. The Project will strengthen the sustainable management of natural, cultural, and urban sites of importance to tourism; help reduce poverty and the undesirable social impact of tourism activities; facilitate the movement of tourists to and within the GMS; and improve the planning and management capacity of tourism-related government agencies, and service skills in the small and medium-size hospitality sector. The Project will also assess constraints and opportunities for the establishment of public-private partnerships in the tourism and tourism-related sectors. The TA will identify and prepare feasibility studies on four types of subprojects:

- (i) Sustainable tourism improvement subprojects of three types: (a) transnational natural heritage sites (biodiversity corridors); (b) cultural heritage sites; and (c) urban tourism sites that are under pressure from tourism.

<sup>5</sup> ADB. 2004. *Technical Assistance to the Greater Mekong Subregion for the Tourism Sector Strategy Study*. Manila.

- (ii) Pro-poor tourism subprojects in pilot tourism areas, including improving tourist access to poor areas with tourism potential and facilitating the provision of services and goods by poor communities in key tourism destinations.
- (iii) Subprojects to facilitate cross-border tourism, including upgrading facilities and cross-border procedures in selected international border checkpoints with high priority for tourism development.
- (iv) Human resource development subprojects to upgrade the capacity of government officials at the national and provincial levels and at specific sites, and to improve the skills of vocational teachers in selected areas.

## **B. Methodology and Key Activities**

11. The TA will be carried out in two phases: phase 1 will result in the selection of specific sites and subprojects that could be used as models for sector reforms and good practice throughout the GMS; and phase 2 will involve the preparation of feasibility studies on those subprojects. The TA will start with a review of the tourism sector, including lessons learned from previous projects assisted by ADB, the participating countries, and development partners. The current status of the sector, as well as institutional, policy, and human resource conditions, will be assessed on the basis of the analysis done during the preparation of the GMS tourism sector strategy, and opportunities and constraints will be identified. Data from surveys, interviews, focus group discussions, and secondary data sources will be used to assess the potential for community participation and private sector involvement. The surveys will be targeted at households, while the interviews and focus group discussions will target specific groups such as females, the youth, community leaders, and government authorities. The opinions of these various groups will feed into the design of the project parameters and ensure broad-based participation and support for the Project. Three subregional and 10 national workshops will be held to acquaint the communities and local government officials with the project objectives, obtain their support, and disseminate the findings of the TA. An investment forum will be organized to promote the establishment of public-private partnerships, attract investment from the private sector, and assess mechanisms to promote socially responsible tourism at the subregional level. ADB's participation requirement for the use of credit enhancements, including guarantees, in support of investment in the tourism sector may be satisfied through this TA. Proposed investment projects could be circulated separately to the Board for approval.

12. A participatory approach will be undertaken to ensure that the tourism facilities and capacity-building programs for each component and each subproject are demand-driven. The TA will undertake the following activities: (i) review information and evaluate previous tourism projects of ADB, the participating governments, and development partners; (ii) identify and define the project components and subprojects; (iii) prepare and implement field surveys to assess the socioeconomic status of potential beneficiaries and their involvement in and benefits from the tourism sector; (iv) prepare gender, social, and cultural assessments and necessary action plans, along with measures to mitigate any adverse impact on minority communities; (v) assess the resettlement impact and requirements and prepare a resettlement framework and plans; (vi) prepare environmental assessments and plans containing the necessary mitigation measures; (vii) prepare financial and economic analyses for each subproject; (viii) prepare institutional assessment and institutional development programs; (ix) conduct workshops to obtain critical inputs from stakeholders; and (x) design overall management and implementation arrangements for the Project, and identify monitoring indicators.

13. An initial poverty and social assessment, which is a preliminary examination of poverty conditions, minority issues, resettlement effects, gender issues, and vulnerable groups in the

project area, is in Appendix 2. All resettlement, environmental, and social assessments will be carried out according to ADB's safeguard procedures, as indicated in the consultants' terms of reference.

### **C. Cost and Financing**

14. The total cost of the TA is estimated at \$900,000 equivalent, comprising \$570,000 in foreign exchange cost and \$330,000 equivalent in local currency cost. The TA will be financed on a grant basis by ADB's TA funding program to cover: (i) the remuneration, per diem, and travel expenses of the international consultants; (ii) workshops, surveys, communication, and reports; and (iii) contingencies. Cost estimates are in Appendix 3. The governments have been advised that approval of the TA does not commit ADB to financing the ensuing Project.

### **D. Implementation Arrangements**

15. The Executing Agency for the TA will be ADB and the MTCO will assist in coordinating the TA. The NTOs will be the implementing agencies. Each NTO will nominate a project manager to guide the implementation of specific infrastructure subprojects, regulatory issues, and institutional strengthening measures. The managers will be responsible for coordinating with local and provincial organizations, as well as with other national government organizations, nongovernment organizations (NGOs), and the private sector, and will participate in the evaluations.

16. The TA will be implemented over 10 months, from March to December 2006. An international consulting firm will be selected through the quality- and cost-based selection method. Simplified technical proposals will be provided by the consultants. The TA will require about 55 person-months of participation by a team of consultants (25 person-months of international and 30 person-months of domestic consultants) with expertise in tourism planning, civil engineering, economic and financial analysis, environmental assessment, private-public partnerships, and social, gender, and resettlement issues. The consultants will be recruited according to ADB's *Guidelines on the Use of Consultants*. Equipment to be provided under the TA will be purchased in accordance with ADB's *Guidelines for Procurement* and given to the MTCO after the TA. All bidders, suppliers, contractors, and consultants shall observe the highest standards of ethics in procuring and executing ADB-financed contracts and will be subject to sanctions in case of fraud and corruption. The consultants will have their main office in Bangkok, Thailand, and small offices in each of the participating countries. The terms of reference for the consulting services are outlined in Appendix 4.

17. The consultants will submit the following reports to ADB: (i) an inception report within 2 months of mobilization, which contains details of the consulting methodology and approach, staffing and personnel, and activity schedule, and a list of selected subprojects for each project component; (ii) an interim report within 5 months of mobilization, which includes a feasibility study on each project; (iii) a draft final report containing a refinement of the interim report and detailed feasibility studies, to be submitted within 8 months of consultant mobilization; and (iv) a final report at the end of the TA.

## **IV. THE PRESIDENT'S DECISION**

18. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$900,000 on a grant basis for Preparing the Sustainable Tourism Development Project, and hereby reports this action to the Board.

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b> Implementation of a project that contributes 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>Share of less-developed GMS countries (other than Thailand) in total arrivals in the subregion increases to 33% in 2010 and 41% in 2015; and these countries' share in net income from tourism after leakage effects (imports) increases to 22% in 2010 and 37% in 2015.</p> <p>Number of persons living in extreme poverty reduced by around 0.16 million by 2010, and by up to 1.2 million people by 2015.</p> <p>Enhanced capacity to implement measures to protect and raise the value of the natural, cultural, and historic resources in the GMS' key tourism zones by 2010, and related measures in place in all key sites by 2015.</p> <p>Capacity in place to meet the training needs of staff in the sector by 2015; gender gaps in tourism employment and education eliminated by 2015.</p>	<p>Annual reports from NTOs</p> <p>Annual reports from national economic agencies</p> <p>Biennial surveys of natural, cultural, and historic sites in priority tourism zones</p> <p>Survey of NTO human resource development (HRD) policy and practices</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Countries willing to borrow for the project</li> <li>• Project coordination and management are effective</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Weak executing and implementing agencies</li> <li>• Lack of government commitment to reform policies</li> </ul>
<p><b>Outcome</b> A feasibility study and project design for priority tourism-related development subprojects in the GMS, which will serve as models and best-practice cases for</p>	<p>Technical assistance (TA) results accepted by the participating countries and the Asian Development Bank (ADB) and TA recommendations included in a project to</p>	<p>TA report, including feasibility studies on investment subprojects in the four participating countries</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• TA meets requirements set by participating countries and ADB</li> <li>• Close coordination among ADB, participating countries, and consultants</li> </ul>

<b>Design Summary</b>	<b>Performance Targets/Indicators</b>	<b>Data Sources/Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
sustainable and pro-poor tourism development	be approved by 2007		<b>Risks</b> <ul style="list-style-type: none"> <li>• TA recommendations are not accepted by other stakeholders (other than the implementing agencies)</li> <li>• PRC is constrained by financial or administrative factors from including the ensuing loan in its national program</li> </ul>
<b>Outputs</b> <p>1. Sustainable tourism improvement subprojects of three types are prepared: (i) transnational natural heritage sites (biodiversity corridors); (ii) cultural heritage sites; and (iii) urban tourism sites that are under pressure from tourism.</p> <p>2. Pro-poor tourism subprojects are prepared for pilot tourism areas, including improving tourist access to poor areas with tourism potential and facilitating provision of services and goods by poor communities in key tourism destinations.</p> <p>3. Subprojects are prepared to facilitate cross-border tourism prepared, including upgrading facilities and cross-border procedures in selected international border checkpoints with high priority for tourism development.</p>	<p>For TA output, one or two priority projects that are financially, economically, environmentally and socially sustainable are identified in each country, and agreed on with national and provincial authorities and the local population</p> <p>For each TA output, policy reforms and guidelines on good project planning and management practice are agreed on for each participating country</p>	<p>TA progress reports</p> <p>TA progress reports</p> <p>TA progress reports</p> <p>TA progress reports</p>	<b>Assumptions</b> <ul style="list-style-type: none"> <li>• Timely feedback from participating countries, ADB, and other stakeholders</li> <li>• Good coordination between the participating countries, which are committed to the objective of the GMS tourism sector strategy</li> </ul> <b>Risks</b> <ul style="list-style-type: none"> <li>• Poor performance of consultants</li> <li>• Lack of stakeholder support</li> <li>• Inadequate data</li> <li>• Lack of coordination between NTOs and other tourism-related government agencies</li> </ul>

<b>Design Summary</b>	<b>Performance Targets/Indicators</b>	<b>Data Sources/Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
<p>4. Human resource development subprojects are prepared, to upgrade the capacity of government officials at national and provincial levels and at specific sites, and to improve the skills of vocational teachers in selected areas</p> <p>5. Opportunities for private-public partnerships in tourism are identified and presented to potential investors.</p>			
<p><b>Activities with Milestones</b></p> <ul style="list-style-type: none"> <li>• Information review and data collection and evaluation</li> <li>• Identification of project components and subprojects</li> <li>• Field surveys, interviews, and focus group discussions to assess the socioeconomic status of local population, and tourism benefits and impact</li> <li>• Gender, social, and cultural assessments, and preparation of necessary action plans</li> <li>• Assessment of resettlement requirements and preparation of resettlement framework and plans</li> <li>• Environmental examinations and preparation of plan with necessary mitigation measures</li> <li>• Financial and economic analyses</li> <li>• Institutional assessment and preparation of institutional development programs</li> <li>• Workshops to obtain critical inputs from stakeholders</li> </ul>			<p><b>Inputs</b> Total cost: \$900,000 equivalent</p> <p>25 person-months of international and 30 person-months of domestic consultants</p> <p>Office equipment</p>

ADB = Asian Development Bank, GMS = Greater Mekong Subregion, HRD = human resource development, NTO = national tourism organization.

## INITIAL POVERTY AND SOCIAL ANALYSIS

### A. Linkages to the Country Poverty Analysis

<b>Is the sector identified as a national priority in country poverty analysis?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Is the sector identified as a national priority in country poverty partnership agreement?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Contribution of the sector or subsector to reduce poverty in Greater Mekong Subregion (GMS):</b></p> <p>Tourism is the eleventh flagship program under the 10-year strategic framework of the Greater Mekong Subregion (GMS) Economic Cooperation Program. Since 2002, GMS leaders have increasingly recognized the need for a subregional approach to tourism development that will promote the GMS as a single destination, enable the sustainable expansion of the tourism sector, increase the attractiveness of the subregion, bring about a more equitable distribution of tourism benefits, contribute to poverty reduction in the subregion, and reduce the negative social impact of poorly planned interventions. Two key ongoing initiatives are: (i) the Mekong Tourism Development Program (MTDP), which involves tourism-related infrastructure development, pro-poor tourism initiatives, and subregional cooperation activities in Cambodia, Lao People's Democratic Republic (Lao PDR), and Viet Nam; and (ii) the GMS tourism sector strategy and action plan (2006–2015), which provides the basis for programs aimed at achieving a more sustainable, equitable, pro-poor, and socially responsible pattern of tourism.</p> <p>The technical assistance (TA) will prepare feasibility studies on priority tourism-related development projects in the GMS that follow the GMS tourism sector strategy. The projects will be designed to (i) strengthen the sustainable management of natural and cultural sites, through environmental and other improvements; (ii) help reduce poverty and undesirable social impact from tourism; (iii) facilitate the movement of tourists; (iv) improve service skills in the small and medium-size hospitality sector; and (v) support private sector partnerships in tourism development. The projects are expected to contribute to the achievement of the Millennium Development Goals (MDGs) related to poverty reduction (MDG-1), gender equality and women's empowerment (MDG-3), and environmental sustainability (MDG-7).</p>	

### B. Poverty Analysis

#### Targeting Classification: General Intervention

<p><b>What type of poverty analysis is needed?</b></p> <p>The tourism sector is seen as a major growth engine for socioeconomic development and poverty reduction. In 2004, international tourism brought to the GMS more than 16.3 million international tourists, excluding the estimated 2.3 million who may have come from provinces near the main borders of the GMS. The international tourists generated about \$14.7 billion in total receipts, \$22.2 billion in total economic output, \$18.6 billion in net economic income, and \$2.3 billion in government revenue. International tourism also created and sustained about 3.8 million jobs. From 1995 to 2004, international tourism grew by an average of 8% per year. By 2015, international tourism arrivals alone could increase to around 46 million.</p> <p>Poverty and social analyses will be required to (i) assess the poverty and social conditions of the population that will be affected by the resulting project; (ii) explore the potential role, and later identify the level of involvement, of those poor communities in the tourism sector within their county and region; (iii) determine the types of impact—positive or negative—of tourism activities on different population groups; (iv) identify measures to mitigate or help reduce the negative effects of land acquisition and resettlement, as well as rapid economic development, on population groups and the environment; and (v) identify measures to support ongoing government programs or specific project activities and ensure more equitable project outcomes. The poverty and social analyses will be conducted in each of the participating GMS countries. They will build on the lessons learned from the MTDP, including local initiatives supported by governments and other development partners, to better apply the concept of “pro-poor” tourism.</p>
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### C. Participation Process

<p><b>Is there a stakeholder analysis?</b> <input checked="" type="checkbox"/> Yes         <input type="checkbox"/> No</p> <p>A stakeholder analysis will be required to identify key project stakeholders, their project-related interests, and the ways in which these interests affect project feasibility and design. The stakeholders in the tourism industry in the GMS may include, but will not be limited to the poor, people affected by land acquisition and resettlement, ethnic minority groups, line ministries, local industries, private sector groups (such as tour operators), tourism authorities, and local and foreign tourists. The role of mass organizations (e.g., women's unions) and nongovernment organizations (NGOs) will also be considered. A stakeholder analysis will be prepared for each country. Consultations will be carried out with stakeholders during project preparation. Participatory rural appraisal techniques will be used in designing project components and arrangements for project implementation, operation and maintenance, and monitoring and evaluation. The participatory process will involve information sharing, consultations, socioeconomic surveys, interviews, focus group meetings, workshops, participatory rural appraisal, and collaborative decision making. Records of consultations will be noted and included in the poverty and social assessment and strategy. Disclosure of documents on the environmental, ethnic minorities, and resettlement will be in line with the public consultation policy of the Asian Development Bank (ADB).</p>
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**Is there a participation strategy?**  Yes  No  
 On the basis of the stakeholder analysis, a participation strategy will be prepared for each country. The strategy will define ways in which the participation of key stakeholders and beneficiaries in the Project can be enhanced.

#### D. Gender Development

##### Strategy to maximize impacts on women:

A detailed gender analysis will be conducted during project preparation, to determine how project benefits can be maximized for women in the tourism industry. The roles, responsibilities, needs, and interests of both men and women will be analyzed. Men and women play different roles and have a wide range of responsibilities in the tourism industry. Women provide more up front services and have an important role in the home. If managed properly, tourism can contribute to the promotion of gender equality and empower women (MDG-3). Environmental improvements, better awareness of hygiene and food safety, improved skills (through training), and more representation in managerial positions could strengthen women's role and increase their participation in the industry. Women are also more vulnerable to the negative social effects of tourism (e.g., HIV/AIDS, trafficking, and exploitation) because of gender inequality and fewer economic opportunities for women. The gender analysis will review and learn lessons from the MTDP.

**Has an output been prepared?**  Yes  No

A gender action plan will be prepared for each participating country during project preparation. The action plans will specify actions, estimated budget, responsible implementing agencies, schedules, and monitoring indicators. Measures to manage and reduce the negative social impact of tourism activities on women will be included in the project design. Particular attention will be given to ways to increase women's representation and enhance their decision-making capabilities through awareness-raising, capacity-building, and employment campaigns. Women's participation through mass organizations or nongovernment organizations will also be considered.

#### E. Social Safeguards and Other Social Risks

Item	Significant/ Not Significant/ None	Strategy to Address Issues	Plan Required
<b>Resettlement</b>	<input checked="" type="checkbox"/> Significant <input type="checkbox"/> Not significant <input type="checkbox"/> None	Land acquisition and resettlement (LAR) will be avoided or minimized whenever possible. Its scope will be determined during project preparation, and, in any case, is expected to be "not significant" (ADB category B). If necessary, an LAR plan will be prepared according to government regulations and ADB's policy on involuntary resettlement. An LAR plan will be prepared for each of the following: Cambodia, Lao PDR, Viet Nam, and Yunnan Province and the Guangxi Zhuang Autonomous Region in the People's Republic of China, .	<input type="checkbox"/> Full <input checked="" type="checkbox"/> Short <input type="checkbox"/> None
<b>Affordability</b>	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	During project preparation, ways to increase the participation of the poor and vulnerable groups in managing their own tourism development will be explored. Ways to increase the use of locally produced goods and services for tourism development will also be considered. An affordability analysis will be necessary for subcomponents where levels of service charges need to be set and for purposes of cost recovery.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Labor</b>	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	The Project is expected to generate new employment opportunities (skilled and unskilled) through its infrastructure, cultural and natural heritage management and protection, cross-border improvement, and pro-poor tourism components. Equal access to new jobs and skills training for women and vulnerable groups will need to be considered. Ways to promote local labor in newly created jobs will also be explored. Measures will be explored and incorporated into the project design so that the local labor market (i) does not depend solely on the tourism industry, and (ii) is not restructured such that livelihoods in their natural environments are lost.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Item	Significant/ Not Significant/ None	Strategy to Address Issues	Plan Required
<b>Indigenous Peoples</b>	<input checked="" type="checkbox"/> Significant <input type="checkbox"/> Not significant <input type="checkbox"/> None	<p>The social analysis will assess the potential impact of the Project on indigenous groups and ethnic minorities in each country. Mitigation or enhancement measures will be included in an ethnic minority development plan for each country according to government regulations and ADB's policy on indigenous peoples, and in consultation with ethnic minorities. The impact of LAR on ethnic minorities and the environment will also be considered.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Other Risks and/or Vulnerabilities</b>	<input checked="" type="checkbox"/> Significant <input type="checkbox"/> Not significant <input type="checkbox"/> None	<p>The movement of people and goods across borders increases the risk of human trafficking, HIV/AIDS transmission, drug use, child labor, and exploitation. While tourism brings economic growth, it also has the potential of initiating rapid social change in more isolated communities. Risks will be assessed during project preparation and measures to minimize them will be integrated into the project design.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
<b>Asian Development Bank Financing<sup>a</sup></b>			
1. Consultants			
a. International			
i. Remuneration	391.0	0.0	391.0
ii. Per Diem	63.0	0.0	63.0
b. Domestic			
i. Remuneration	0.0	90.0	90.0
ii. Per Diem	0.0	30.0	30.0
c. International Travel	48.0	0.0	48.0
d. Local Travel	0.0	20.0	20.0
2. Office Equipment <sup>b</sup>	0.0	12.0	12.0
3. Surveys <sup>c</sup>	0.0	20.0	20.0
4. Vehicle Hire	0.0	15.0	15.0
5. Communication, Reports, and Documents	0.0	20.0	20.0
6. Workshops and Investment Forum <sup>d</sup>	0.0	55.0	55.0
7. Administration Support Costs	0.0	20.0	20.0
8. Contingencies	68.0	48.0	116.0
<b>Total</b>	<b>570.0</b>	<b>330.0</b>	<b>900.0</b>

<sup>a</sup> To be financed by the Asian Development Bank from its technical assistance funding program.

<sup>b</sup> Laptop computer, three desktop computers, necessary software, two printers, one plotter, audiovisual equipment, and office furniture, to be transferred to the Mekong Tourism Coordinating Office after the technical assistance.

<sup>c</sup> Socioeconomic surveys and resettlement surveys.

<sup>d</sup> Three subregional and 10 national workshops, and an investment forum.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The technical assistance will be undertaken by a consulting firm in two parts.

### A. Part A: Subproject Identification

2. The consultant will identify priority subprojects on the basis of a review of previous studies, surveys, and project proposals; consultations with the national tourism organizations (NTOs), provincial tourism organizations, and other related agencies in the participating countries in the Greater Mekong Subregion (GMS); site inspections; and discussions with local stakeholders. Specifically the consultant will do the following:

- (i) Review subproject proposals included in the GMS tourism sector strategy, giving particular attention to heritage conservation, tourism-related infrastructure, pro-poor tourism, social impact management, facilitation of tourist movement, and human resource development programs.
- (ii) Review national and provincial plans, programs, and projects for the development of public infrastructure required for tourism development and management, such as small access roads, sanitation, jetties, markets, environmental improvements, and border facilities; review plans and proposals by the private sector for the development of tourism transportation services, resort facilities, tour operations, and handicraft production; and review current and planned support from the development partners and nongovernment organizations (NGOs) to the tourism sector in the participating countries and particularly in the areas where potential subprojects have been identified.
- (iii) Hold a wide range of consultations with NTOs, government agencies responsible for the conservation of the natural and cultural heritage, immigration, security, and the economy; the tourism industry; international and bilateral development agencies; and local communities in the participating GMS countries to draw up a long list of candidate subprojects for each project component. The subprojects should be considered as pilot projects for the development of GMS models in heritage conservation for tourism, pro-poor tourism, facilitation of tourist movement, and human resource development that provide solutions to the key problems identified in the GMS tourism sector strategy.
- (iv) Prepare criteria for the selection of subprojects. The criteria will include but will not necessarily be limited to the following: the subprojects should be located within one of the 13 priority tourism zones identified in the GMS tourism sector strategy; be reasonably accessible from the main subregional transportation network; be located in an area where there is a high incidence of poverty; be linked with other initiatives of the Asian Development Bank (ADB) and its development partners; require public sector financing; be financially feasible; be economically viable; promote economic linkages in the local economy; distribute the benefits of tourism to local communities, especially the poor, women, and ethnic groups, through enhanced employment opportunities and entrepreneurial activity; contribute to improved sanitation, access to services, and health of affected local communities; promote the sustainable use of the natural and tangible and intangible cultural heritage, especially the cultural traditions, customs, and languages of ethnic groups; entail no major negative impact on the environment, on ethnic groups, and the land; and include measures to reduce the

negative social impact of tourism. The subprojects must be endorsed by the proposed executing agency, implementing agencies, and local communities.

- (v) Through the application of agreed screening criteria, establish, in conjunction with the NTOs, provincial government tourism organizations, and other government agencies, a short list of candidate subprojects for each component; undertake site inspections of the short-listed subprojects with the concerned NTOs and related agencies; prepare concept papers for each subproject, which include broad environmental and social impact evaluations (including possible requirements for social, environment, gender, and land acquisition and resettlement plans), as well as initial financial and economic pre-feasibility evaluations based on broad project cost and operating income assumptions; and recommend the final list of subprojects and sites to be included in the Project.
- (vi) On the basis of the GMS tourism sector strategy, identify key policy, institutional, and human resource constraints in the tourism sector in general and in cultural and natural heritage management, and environmental management of tourism destinations, in particular; assess constraints on the movement of tourists to and within the GMS, particularly at international border checkpoints, the development of human resources, and the participation of the private sector in tourism; and recommend short-, medium-, and long-term policy reforms to deal with these constraints at subregional, national, and local levels.
- (vii) Discuss and agree on the results of the initial field evaluation and recommendations with the concerned NTOs, provincial tourism organizations, and the related approving agencies; and prepare and present an inception report with recommendations on the final scope, list, and description of subprojects.

## **B. Part B: Feasibility Study of Priority Projects**

3. Part B will involve the preparation of detailed financial, economic, environmental, and social feasibility studies on the subprojects identified in part A. On the basis of the results of part A, and immediately after the inception workshop, the consultant's full team will mobilize to prepare detailed feasibility studies of the selected subprojects as follows:

- (i) Prepare feasibility-level project conceptual designs and cost estimates for all candidate subprojects to be included under each component of the Project including topography, land use, geology, and hydrological conditions at the sites, and site visits to validate the land values and site features); and prepare detailed economic and financial analyses for each subproject and a financial management assessment for each implementing agency.
- (ii) Undertake poverty and social analyses, according to the draft ADB *Handbook for Poverty and Social Analysis*<sup>6</sup> and ADB's *Guidelines for Incorporation of Social Dimensions in Bank Operations*,<sup>7</sup> for each country participating in the TA, assessing for each subproject the poverty situation (including the number of people living below the poverty line); and conduct a socioeconomic survey in each subproject area to gather data on demographics, ethnic composition, gender roles (as part of gender analysis), education levels, household data, expenditure patterns, income levels, occupations, access to services, and health

<sup>6</sup> ADB 2001. *Handbook for Poverty and Social Analysis*. Manila.

<sup>7</sup> ADB 1997. *Incorporation of Social Dimensions in Bank Operations*. Manila.

profiles. Additional information on tourism development should be collected from local communities (e.g., local needs and preferences). The data from the survey will be used in preparing socioeconomic and poverty profiles for the subproject areas. These data and profiles should be sufficiently comprehensive to serve as the baseline for poverty and social monitoring. The surveys should be complemented with data from statistical records, household surveys, village surveys, and key informant interviews (e.g., with local government officials, women's unions, community groups). The information should include population, income levels, occupations, unemployment, education levels, health conditions, and other relevant socioeconomic data. Data should be disaggregated by gender, ethnicity, and income, where relevant.

- (iii) Review national, provincial, and local government policies, strategies, and programs for poverty reduction and economic development as they pertain to the subprojects; analyze how the proposed subprojects will complement government development programs; and consult with provincial and local governments to identify development initiatives that could complement the subprojects, particularly those targeted at the poor, women, and ethnic minorities.
- (iv) Assess the potential negative social impact of tourism development and growth on affected communities, and propose measures to mitigate the impact or reduce the risks involved. Special attention must be given to the impact of tourism or rapid economic growth on the vulnerable and marginalized groups. The risks posed by trafficking, the sexual exploitation of children, and diseases such as HIV/AIDS will be considered, and awareness-raising and preventive measures will be integrated in the subproject designs.
- (v) Undertake a gender analysis, according to ADB's *Policy on Gender and Development*<sup>8</sup> and the relevant ADB gender checklists, to determine how to better maximize project benefits for women in the tourism industry, by analyzing the different roles, needs, and interests of men and women in the tourism industry; prepare a gender action plan for each participating country, with specific actions to address the needs of women, enhance their roles, and maximize their benefits from the Project; and indicate targets, implementing agency, estimated budget, proposed timing, and monitoring indicators for each planned action.
- (vi) Identify the percentage of indigenous/ethnic minority groups in each subproject; use participatory methods to help assess the type and significance of subproject impact on the ethnic minorities, including any gender-specific impact; consider mechanisms that could be introduced to help protect and enhance the value of the tangible and intangible cultural heritage in the GMS; and prepare an ethnic minority development plan for each participating country (and for each province in the People's Republic of China [PRC]) according to ADB's *Indigenous Peoples Policy*<sup>9</sup> and in close consultation with the ethnic minority groups and relevant agencies. A suggested format for the plan is available. It gives information on residential ethnic groups, specific actions, estimated budget, implementation arrangements, and monitoring indicators.
- (vii) Identify potential stakeholders and beneficiaries and prepare a detailed stakeholder analysis; prepare for each participating country a draft participation

<sup>8</sup> ADB 2003. *Policy on Gender and Development*. Manila.

<sup>9</sup> ADB 1998. *The Bank's Policy on Indigenous Peoples*. Manila.

plan outlining the stakeholders' involvement at different stages of the project cycle; and assess the capacity of the implementing agency and other concerned agencies to implement the poverty, social, and resettlement measures.

- (viii) Assess the land acquisition and resettlement (LAR) requirements of each subproject; explore alternatives to avoid or minimize the scope of LAR; assist the implementing agency in each participating country (and each province in the PRC) in preparing a LAR plan according to government regulations and ADB's *Policy on Involuntary Resettlement*<sup>10</sup> and ADB's *Handbook on Resettlement: A Guide to Good Practice*<sup>11</sup> (1998), including a socioeconomic profile of the persons affected by LAR, scope of LAR by component, specific impact on women and vulnerable groups, entitlement matrix, detailed budget with unit cost estimates based on replacement costs for lost assets, implementation schedules, management arrangements, and arrangements for internal and external monitoring and evaluation (a suggested format is available); conduct a replacement cost survey to determine the unit replacement cost of assets lost; and document consultations with all stakeholders during the preparation of resettlement documents, for inclusion in the plan.
- (ix) If required, conduct additional surveys to obtain baseline information for the pro-poor tourism subprojects in each participating country, possibly including attitudinal, market, and tour operator surveys, to establish the level of commitment of the local community, level of interest in pro-poor tourism products, type of facilities required by tourists, price sensitivity, length of tourist stay, timing of visits, and likely expenditure patterns; and make arrangements for the conduct of the required surveys in all project locations immediately after the inception meeting, with the help of the national consultants.
- (x) Prepare an initial environmental examination (IEE) for the overall project and for each subproject and a summary IEE report. The IEEs should be based on site inspection and should give special attention to the impact of site construction activities, including off-site extraction of construction materials, and to the long-term operation of the subprojects. The positive and negative environmental impact must be identified and consideration given to measures to monitor and mitigate the identified adverse impact including any capacity-strengthening measures. The cost of mitigation should be identified and included in the subproject's development cost. If required, terms of reference should be prepared, in consultation with the concerned stakeholders, for more detailed environmental assessments. The IEE report should be prepared according to *ADB's Environment Policy (2002)*<sup>12</sup> and *Environmental Assessment Guidelines (2003)*,<sup>13</sup> as well as other procedures and guidelines for environmental assessment required by the participating countries. Consultations and disclosure requirements of all LAR plans, ethnic minority development plans, and IEEs should follow ADB's *Public Communications Policy*.<sup>14</sup>
- (xi) Prepare a final short list of subprojects for each project component, including feasibility conceptual design, cost, initial economic and financial analysis, and

<sup>10</sup> ADB 1995. *Policy Paper on Involuntary Resettlement*. Manila.

<sup>11</sup> ADB 1998. *Handbook on Resettlement: A Guide to Good Practice*. Manila.

<sup>12</sup> ADB 2002. *Environment Policy*. Manila.

<sup>13</sup> ADB 2003. *Environmental Assessment Guidelines*. Manila.

<sup>14</sup> ADB 2005. *Public Communications Policy*. Manila.

environmental, land acquisition, and social impact evaluation; discuss this list with the stakeholders at workshops to be organized by the NTOs in each participating country; and incorporate the comments and suggestions of the workshop participants in the final design of the subprojects, which will involve the following: detailed scoping of the components, preparation of typical designs for the subprojects, development of outline specifications for materials and equipment, development of recommendations for the packaging of contracts, and preparation of cost estimates, classified into direct and indirect foreign exchange, local currency costs, and customs and excise duties and taxes to within 10%.,.

- (xii) Identify effective, efficient, and equitable financing mechanisms for cost recovery for each subproject, including revenue-generation opportunities like differential tariffs and user fees for tourists, enterprises, and local residents to allow for cross-subsidization arrangements that will benefit the poor, and possibly community trust funds for community-based social welfare projects; prepare detailed financial and economic analyses of each subproject according to ADB's *Guidelines for the Economic Analysis of Projects*,<sup>15</sup> *Handbook for Integrating Poverty impact Assessment in the Economic Analysis of Projects*,<sup>16</sup> and *Handbook for Integrating Risk Analysis in the Economic Analysis of Projects*;<sup>17</sup> and analyze the distribution of benefits and identify monitoring indicators
- (xiii) Recommend detailed implementation arrangements for the Project, considering the lessons learned from the GMS Mekong Tourism Development Project; identify arrangements for a subregional coordinating mechanism, national executing agencies, and subproject implementing agencies; identify arrangements for a top-level steering committee in each participating country to oversee the implementation of any legal, financial, and policy reforms required, ensure transparent awarding of contracts, and supervise the progress of the Project; assess the institutional capacity and constraints of the executing and implementing agencies and recommend measures to build institutional capacity.
- (xiv) Prepare terms of reference for consulting services to assist the participating countries in preparing detailed designs for and supervising the construction of the subprojects, building capacity, and carrying out Project administration; prepare a project framework according to ADB's requirements, identifying the impact, outcomes, and outputs of the proposed Project, as well as the required inputs, target benchmarks, monitoring mechanisms, and potential risks and assumptions; and prepare a detailed project performance monitoring system on the basis of the project framework.
- (xv) Give special attention to promoting private sector participation in the tourism sector by seeking to establish public-private partnerships; review existing and proposed projects and evaluate their attractiveness for private sector investment, and prepare, on the basis of projects identified in the GMS tourism sector strategy, a private sector investment program that contains investment profiles for a short list of highly attractive projects, identifies potential investors, and recommends incentives and mechanisms to stimulate investment in socially responsible tourism; and arrange an investment forum at which these projects can be presented to prospective investors.

<sup>15</sup> ADB 1997. *Guidelines for the Economic Analysis of Projects*. Manila.

<sup>16</sup> ADB 2001. *Handbook for Integrating Poverty impact Assessment in the Economic Analysis of Projects*. Manila.

<sup>17</sup> ADB 2002. *Handbook for Integrating Risk Analysis in the Economic Analysis of Projects*. Manila.