



Grant Assistance Report

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Proposed Administration of Grant Kingdom of Cambodia: Community-Based Tourism COVID-19 Recovery Project Financed by the Japan Fund for Prosperous and Resilient Asia and the Pacific

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 4 January 2022)

Currency unit – riel (KHR)

KHR 1.00 = \$0.00024

\$1.00 = KR 4,075

ABBREVIATIONS

ADB	–	Asian Development Bank
CATA	–	Cambodian Association of Travel Agents
CBT	–	community-based tourism
COVID-19	–	coronavirus disease
CSAF	–	Civil Society Alliance Forum
ESMP	–	environmental and social management plan
JFPR	–	Japan Fund for Prosperous and Resilient Asia and the Pacific
MTCO	–	Mekong Tourism Coordinating Office
MOT	–	Ministry of Tourism
PAM	–	project administration manual
SDG	–	Sustainable Development Goal
UNESCO	–	United Nations Educational, Scientific and Cultural Organization

NOTE

In this report, "\$" refers to United States dollars.

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CONTENTS

	Page
PROJECT AT A GLANCE	
I. INTRODUCTION	1
II. THE PROJECT	1
A. Rationale	1
B. Impact and Outcome	3
C. Outputs and Key Activities	3
D. Cost Estimates and Financing Plan	4
E. Implementation Arrangements	5
III. PROJECT FEATURES	6
A. Technical	6
B. Economic and Other Impacts, Financial Viability, and Sustainability	7
C. Governance	7
D. Poverty and Social Impacts	8
E. Participatory Approach	8
F. Development Coordination	9
G. Safeguards	9
H. Risks and Mitigating Measures	10
IV. ASSURANCE AND CONDITIONS	10
V. THE PRESIDENT'S DECISION	10
APPENDIXES	
1. Design and Monitoring Framework	11
2. List of Linked Documents	14

PROJECT AT A GLANCE

1. Basic Data		Project Number: 53243-001	
Project Name	Community-Based Tourism COVID-19 Recovery Project	Department/Division	SERD/SEER
Country Recipient	Cambodia Kingdom of Cambodia	Executing Agency	Civil Society Alliance Forum
Country Economic Indicators Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=53243-001-CEI https://www.adb.org/Documents/LinkedDocs/?id=53243-001-PortAtaGlance		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
		Total	0.00
3. Operational Priorities		Climate Change Information	
<ul style="list-style-type: none"> ✓ Addressing remaining poverty and reducing inequalities ✓ Accelerating progress in gender equality ✓ Promoting rural development and food security 		GHG reductions (tons per annum)	0
		Climate Change impact on the Project	Low
		ADB Financing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.4		Effective gender mainstreaming (EGM)	✓
SDG 2.4			
SDG 5.5			
SDG 8.2			
SDG 10.2			
		Poverty Targeting	
		General Intervention on Poverty	✓
4. Risk Categorization:	Low		
5. Safeguard Categorization	Environment: B Involuntary Resettlement: C Indigenous Peoples: C		
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.00	
None		0.00	
Cofinancing		3.00	
Japan Fund for Prosperous and Resilient Asia and the Pacific - Project grant (Full ADB Administration)		3.00	
Counterpart		0.71	
Beneficiaries		0.15	
Government		0.51	
Others		0.05	
Total		3.71	
Currency of Financing: US Dollar			

I. INTRODUCTION

1. The Community-Based Tourism COVID-19 Recovery Project will promote tourism development in (i) Techo Thamacheat village in Choam Khsant district, Preah Vihear province, and (ii) Prek Taphor village in Angkor Borei district, Takeo province. The two villages are located in waterfront areas and are close to significant heritage sites of the Sacred Site of the Temple of Preah Vihear and the Phnom Da temple.¹ The project takes a two-pronged approach by promoting tourism along with supporting surrounding communities through high-value agriculture, to create new agritourism products and help stabilize rural incomes during the low tourist season. The project will benefit 4,000 villagers by (i) building the capacity of local communities to provide new tourism services and products; (ii) improving tourism and agricultural livelihood opportunities; and (iii) providing infrastructure and equipment to support tourism operations. Through tourism development and livelihood improvement, the project will catalyze the project villages' economic recovery from the impacts of the coronavirus disease (COVID-19) pandemic.

II. THE PROJECT

A. Rationale

2. **Tourism sector.** In 2019, 6.6 million foreign tourists visited Cambodia, a country of 16.0 million people. After garment manufacturing and agriculture, tourism is the largest sector. It contributed to 12.5% of the country's gross domestic product and directly employed 630,000 people in 2019.² It was one of the fastest growing sectors during 2013–2019, averaging 9.5% annual growth by international arrival numbers.³ Tourism is a significant source of foreign exchange, amounting to \$4.9 billion in 2019 and accounting for about 25% of total exports (footnote 2). It is a priority sector in the government's Rectangular Strategy (Phase IV), recognized for its contribution to economic development, improvement of livelihoods, and poverty reduction.⁴

3. Before COVID-19, tourists visiting Cambodia were highly concentrated in Siem Reap and Phnom Penh. According to the Ministry of Tourism's (MOT) estimates, tourists visit only 10% of the country's heritage sites.⁵ Overconcentration leads to monotonicity of tourist destinations, diminishes visitor experiences, and undermines long-term sector growth. During 2013–2018, while international tourist arrivals increased by 48%, the average stay duration only increased from 6.7 to 7.0 days. In addition, about 80% of the international arrivals were first-time visitors (footnote 2). These are indications that the tourism industry is unable to attract return visitors, or encourage them to extend the duration of their stay. Even when tourists visit new sites, they are on daytrips that start and end in major tourist hubs. Nearby villages are rarely, if ever, visited, and in effect are excluded from the tourism industry.

4. **Tourism in project districts and villages.** In 2019, the Sacred Site of the Temple of the Preah Vihear drew about 148,000 visitors (85% local, 15% foreign) to Choam Khsant district, and the Phnom Da temple drew about 32,000 visitors (96% local, 4% foreign) to Angkor Borei district.

¹ United Nations Educational, Scientific and Cultural Organization (UNESCO). [Cambodia](#). The Sacred Site of the Temple of Preah Vihear was designated a UNESCO World Heritage site in 2008. The Phnom Da temple is on the tentative list for UNESCO World Heritage sites. While lesser known, Angkor Borei district is about two hours' drive from Phnom Penh and is an excellent weekend destination or a stopover en route to coastal provinces.

² Ministry of Tourism. 2019. *Cambodian Annual Tourism Statistics Report 2019*. Phnom Penh.

³ United Nations World Tourism Organization. 2016. *World Tourism Barometer*. Madrid.

⁴ Government of Cambodia. 2018. [Rectangular Strategy for Growth, Employment, Equity and Efficiency \(Phase IV\)](#). Phnom Penh.

⁵ Ministry of Tourism. 2012. *Tourism Development Strategic Plan 2012–2020*. Phnom Penh.

In 2020, while foreign visitor numbers dropped to almost nil because of the COVID-19 pandemic,⁶ domestic tourism remained strong in Choam Khsant district, and relatively strong in Angkor Borei district.⁷ Although district-level tourist data confirm a strong tourist inflow to the project areas, reflecting strong demand, the project villages are currently overlooked by tourists, which results in opportunity lost for income generation due to a lack of tourism services and infrastructure.⁸

5. In Techo Thamacheat village, subsistence agriculture is the norm. Many villagers depend on remittances from family members employed in Thailand, Phnom Penh, or Siem Reap. In Prek Taphor village, households typically cultivate dry-season rice, and engage in small-scale cross-border trade with Viet Nam during the wet season. For both villages, the economic situation has deteriorated significantly during the COVID-19 pandemic, which has caused mass unemployment, severance of remittance inflows, and disruptions in cross-border trade.

6. **Community-based tourism.** Community-based tourism (CBT) is tourism led by local residents that invites tourists to be immersed in local culture and the daily lives of local residents. By nature, CBT is socially inclusive as it employs mostly local residents, including women and other disadvantaged groups, as service providers. Currently CBT providers in the country are weak and resources are limited as funding is unstable. CBT can offer tourists new destinations and itineraries, while providing new alternative livelihoods to local residents. To help project villages to realize their tourism potential, the project will enhance limited local capacity to provide tourism services, and finance the construction of missing tourism infrastructure.

7. **Strategic alignment.** The project is aligned with two of the six priorities of the MOT's Tourism Development Strategic Plan 2012–2020: (i) diversification of tourist destinations, and (ii) capacity building for tourism practitioners (footnote 5). The project will also support the MOT's recent efforts in promoting domestic tourism to compensate for the drop in foreign tourists.⁹ The project is a pilot for the 100 Model Villages Project, a government's initiative to promote rural economic development, cultural conservation, and human resources development.¹⁰ Currently, surveys are being taken by the proposed executing agency (para. 16) to identify the 100 villages, four from each of the 25 provinces of Cambodia. Village selection criteria include proximity to significant cultural heritage, environmental assets, and logistics infrastructure. The initiative will support infrastructure construction and industries in which the selected villages have comparative advantages. The selected villages in turn can become growth hubs to stimulate socioeconomic activities in surrounding areas. It is hoped that the initiative will contribute to Cambodia's rise from a lower-middle income country to an upper-middle income country by 2030.

8. The project will support the United Nations Sustainable Development Goals (SDGs) 2030, specifically (i) SDG 1: no poverty; (ii) SDG 2: zero hunger; (iii) SDG 5: gender equality; (iv) SDG 8: decent work and economic growth; and (v) SDG 10: reduced inequalities. The project is included in the country operations business plan for Cambodia, 2021–2023 and is aligned with the following pillars of the country partnership strategy: (i) accelerate competitiveness and

⁶ Cambodia's travel regulations as of September 2021, on quarantine requirements, travel restrictions, border closures, and international tourist arrivals, are provided in the Sector Assessment Summary—Tourism in Cambodia (accessible from the list of linked documents in Appendix 2).

⁷ In 2020, the number of tourists was 119,617 (96% local, 4% foreign) for Choam Khsant district and 16,936 (99% local, 1% foreign) for Angkor Borei district.

⁸ Travel time to a destination is a fixed cost for tourists. To reduce the average time cost per attraction visited, tourists are naturally inclined to stay longer in a destination provided there are sufficient activities and attractions. Hence, it would be much less of a challenge to support tourism development in the two proposed villages which already have tourists nearby, than in places without tourists.

⁹ J. Senase and C. Vannak. 2020. *Domestic tourism to be boosted amid fears of COVID-19*. Tourism Cambodia.

¹⁰ Civil Society Alliance Forum (CSAF). 2019. *100 Model Villages Concept Note*. Phnom Penh.

economic diversity; and (ii) foster green, sustainable and inclusive development.¹¹ The project is also aligned with Asian Development Bank (ADB) Strategy 2030 (Table 1).¹²

Table 1: Alignment with Strategy 2030

Strategy 2030 Priority	Project Interventions
Addressing remaining poverty and reducing inequalities	<ul style="list-style-type: none"> • Increase employment opportunities in tourism and agriculture • Improve standards of living with the provision of affordable potable water supply, toilets, and waste management systems
Accelerating progress in gender equality	<ul style="list-style-type: none"> • Increase female representation in community-based tourism management • Strengthen women’s capacity in community-based tourism operations and high-value agriculture
Promoting rural development and food security	<ul style="list-style-type: none"> • Improve rural infrastructure, including tourist centers, parking lots, and restrooms • Connect farmers to agribusinesses

9. **Lessons learned.** The project builds on lessons learned from past tourism projects in Cambodia: (i) clear land demarcation and user rights are essential to avoid disputes and project implementation delays; (ii) CBT groups need initial support on CBT operations to achieve sustainability; and (iii) bridging tourism with agriculture promotes inclusive growth by engaging a wider spectrum of the project communities. This project incorporates the lessons learnt by (i) providing a long-term renewable land-use agreement to be signed between the local governments and project communities (para. 30); (ii) supporting CBT operations and promotion (para. 11); and (iii) promoting agritourism to strengthen the tourism-agriculture nexus (para. 12).

B. Impact and Outcome

10. The project is aligned with the following impact: tourism products and destinations diversified (footnote 5). The project will have the following outcome: tourism developed and incomes increased in project villages.¹³

C. Outputs and Key Activities

11. **Output 1: Local capacity for community-based tourism development and promotion strengthened.** This output will benefit villagers by enhancing their capacity to provide tourism services. Under this output, the project will establish one CBT group in each project village, ensuring women’s representation, to become local tour operators and service providers.¹⁴ Membership of the CBT groups will be open to all villagers throughout the life of the CBT groups. A national consulting firm will be recruited to support local communities to establish and manage CBT operations. Training will be provided on CBT group formation, guiding and servicing, hospitality, housekeeping, food and lodging hygiene, public health and COVID-19 prevention, environmental and waste management, and maintenance of the tourism infrastructure to be provided under output 3. While the CBT groups own the tourism infrastructure, they will have the option to enter into sublease agreements with local businesses to manage restaurants at the

¹¹ ADB. 2020. [Country Operations Business Plan: Cambodia, 2021–2023](#). Manila; and ADB. 2019. [Country Partnership Strategy – Inclusive Pathways to a Competitive Economy 2019–2023](#). Manila.

¹² ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

¹³ The design and monitoring framework is in Appendix 1.

¹⁴ Community-Based Tourism Groups Establishment, Bylaws, and Land Use Agreement (accessible from the list of linked documents in Appendix 2). The draft CBT bylaws provide for CBT groups formation and selection criteria for CBT members and board members.

tourist centers. The project will also provide a three-year marketing campaign to attract tourists.¹⁵ Trainings on sanitation will follow the government's latest health and safety standards, which are updated in response to COVID-19.

12. **Output 2: Community-based tourism and livelihood activities implemented.** The project will support villagers, including female headed households and those from vulnerable groups, to establish tourism livelihoods, such as guiding services, restaurants, transport operations, equipment rental, homestay operations, and handicraft and souvenir manufacturing. The project will also support high-value agriculture in both project villages, such as cucumbers, long beans, watermelons, chicken, tilapia, and freshwater prawns, by providing agricultural trainings and equipment.¹⁶ With proper marketing, high-value agriculture will be synergic with tourism and stabilize income during the low tourist season.¹⁷ Agritourism interventions will be supported in Techo Thamacheat village (for tilapia farming) and in Prek Taphor village (for prawn farming) so that, as an alternative to dine-in services at tourist centers, tourists can catch and grill fish and prawns after completing hatchery tours.¹⁸

13. **Output 3: Community-based public facilities and services enhanced.** As the project villages lack tourism infrastructure, the project will provide the necessary infrastructure to enhance the villages' appeal to tourists who are already visiting the nearby heritage sites. Civil work construction will include female laborers. As basic connectivity infrastructure is already in place, the project will focus on "last-mile" tourism infrastructure, including two tourist centers (with parking lots, restrooms, restaurants, and souvenir outlets); walking tracks; small piers; and support for homestays.¹⁹ The project will also implement CBT-managed waste collection services on a cost-recovery basis and support the expansion of potable water services to about 3,000 households in Techo Thamacheat village and surrounding areas, where the availability of clean water is identified as a constraint to tourism development.²⁰ Asset maintenance will be performed by the CBT groups who will receive relevant training under output 1.

D. Cost Estimates and Financing Plan

14. The project is estimated to cost \$3,710,000 (Table 2). Detailed cost estimates are included in the project administration manual (PAM).²¹

¹⁵ The project will initially target domestic tourism, and gradually shift to promoting intraregional tourism as Cambodia's borders open. The marketing campaign will (i) support the CBT groups to raise awareness about the project villages and tourist centers, as new attractions that offer services such as boat paddling and freshwater prawn fishing, and amenities such as restrooms and waterfront restaurants; (ii) work with UNESCO to further amplify the world heritage status of the two temples and other cultural resources; and (iii) promote homestays in the project villages.

¹⁶ Financial Analysis for High-Value Agriculture Livelihoods for Angkor Borei; Financial Analysis for High-Value Agriculture Livelihoods— for Preah Vihear (both accessible from the list of linked documents in Appendix 2). The crops, fisheries, and poultry are selected using the following key criteria: (i) financial viability; (ii) income generation potential during the low tourist season; and (iii) women's economic empowerment.

¹⁷ Between the peak tourist season (November to February) and the low tourist season (May to June), the variation in international arrivals can be as high as 47%. Tourism alone cannot provide year-round livelihoods for residents.

¹⁸ Before COVID-19, the La Plantation peppercorn farm in Kampot province received over 50,000 visitors annually. The farm provided visitors with a free tour on peppercorn cultivation, after which the visitors bought peppercorn products as souvenirs and dined at the farm restaurant.

¹⁹ Support for homestays will include house renovations and provision of sanitary toilets with septic tanks. Homestay households will receive related training under output 1, including on hospitality, housekeeping, waste management, and COVID-19 prevention. In total, about 10 households headed by women will be selected for homestay support.

²⁰ Potable water services are currently not available in Techo Thamacheat village. Potable water services are already in place in Prek Taphor village, Angkor Borei district.

²¹ Project Administration Manual (accessible from the list of linked documents in Appendix 2).

Table 2: Cost Estimates

Item	Amount^a (\$ million)	Share of Total (%)
A. Base Cost^b		
1. Output 1: Local capacity for community-based tourism development and promotion strengthened	0.34	9.2
2. Output 2: Community-based tourism and livelihood activities implemented	0.68	18.2
3. Output 3: Community-based public facilities and services enhanced	1.61	43.5
4. Project management activities	0.86	23.1
Subtotal (A)	3.49	94.0
B. Contingencies^c	0.22	6.0
Total (A+B)	3.71	100.0
C. Administrative Budget Support^d	0.02	

^a Includes taxes and duties of \$269,000. The amount does not represent an excessive share of the project cost. The government will finance taxes and duties of \$230,000 on (i) civil works, (ii) consultant remuneration, and (iii) a project vehicle by tax exemption. Taxes of \$39,000 will be financed by the Japan Fund for Prosperous and Resilient Asia and the Pacific grant for equipment, recurrent costs, and trainings and workshops.

^b In mid-2021 prices.

^c Physical and price contingencies, and a provision for exchange rate fluctuation are included.

^d Additional budget support of \$20,000 to be provided by the Japan Fund for Prosperous and Resilient Asia and the Pacific for grant implementation and is exclusive of the grant amount.

Source: Asian Development Bank.

15. The Japan Fund for Prosperous and Resilient Asia and the Pacific (JFPR) will provide grant financing equivalent to \$3,000,000, to be administered by ADB.²² The financing plan is in Table 3. The government will provide in-kind counterpart support through (i) an income supplement, (ii) tax exemptions, and (iii) land on which tourism infrastructure will be constructed (para. 30). Teuk Saart 1001, a social enterprise, will provide in-kind contributions for potable water services, while beneficiaries will provide in-kind contributions for land (for homestays), labor, and agricultural equipment.

Table 3: Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Japan Fund for Prosperous and Resilient Asia and the Pacific ^a	3.00	81.0
Government of Cambodia	0.51	13.7
Social enterprise (Teuk Saart 1001) ^b	0.05	1.3
Beneficiaries ^b	0.15	4.0
Total	3.71	100.0

^a Administered by the Asian Development Bank. The following are ineligible expenditure under the Japan Fund for Prosperous and Resilient Asia and the Pacific: salaries for civil servants, and foreign and local travel. Includes purchase of a project vehicle of \$40,000 for project administration. The supplementary document on Justification for the Purchase of Project Vehicle is accessible from the list of linked documents in Appendix 2.

^b Social enterprise and beneficiaries' contributions will be in-kind.

Source: Asian Development Bank.

E. Implementation Arrangements

16. The Civil Society Alliance Forum (CSAF) will be the project's executing agency.²³ An interministerial committee, tasked with overseeing preparation of the 100 Model Villages Project,

²² Financed by the Government of Japan.

²³ The CSAF was established on 23 August 2017 as a secretariat under the Office of the Council of Ministers, with a mandate to coordinate development work among nongovernment organizations. It was tasked to pilot the 100 Model Villages Project.

will provide oversight and guidance on specific issues.²⁴ The Ministry of Culture and Fine Arts and the Mekong Tourism Coordinating Office (MTCO) will provide advisory services for heritage conservation and tourism promotion. Detailed implementation arrangements are described in the PAM.

Table 4: Implementation Arrangements

Aspects	Arrangements		
Implementation period	March 2022 to August 2026		
Estimated completion date	30 August 2026		
Estimated grant closing date	28 February 2027		
Management			
(i) Oversight body	Interministerial Committee for Coordinating the Implementation of "100 Model Villages Project"		
(ii) Executing agency	Civil Society Alliance Forum, through a PCU		
(iii) Key implementing agencies	PIU NAPV, PIU ABDAO		
Procurement	OCB (national)	2 contracts for works	\$857,000
	RFQ with advertising	1 contract for works; 6 contracts for goods	\$50,000 \$318,000
	RFQ without advertising	1 contract for works; 6 contracts for goods	\$21,000 \$87,000
Consulting services	ICS	10 consultants	\$444,000
	CQS	2 firms	\$169,000
	Direct contracting	1 firm	\$66,000
Advance contracting	1 works contract (O Svay Lake tourist center); 3 goods contracts (office equipment, office furniture, and a project vehicle); 7 consulting services contracts		
Disbursement	The grant proceeds will be disbursed in accordance with ADB's <i>Loan Disbursement Handbook</i> (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

ABDAO = Angkor Borei District Administration Office, ADB = Asian Development Bank, CQS = consultant qualification selection, ICS = individual consultant selection, NAPV = National Authority for Preah Vihear, OCB = open competitive bidding, PCU = project coordination unit, PIU = project implementation unit, RFQ = request for quotation.

Source: Asian Development Bank.

III. PROJECT FEATURES

17. Due diligence was carried out with support from the Southeast Asia Agriculture, Natural Resources and Rural Development Facility²⁵ and the project preparation seed money provided by the JFPR.

A. Technical

18. The project will establish freshwater prawn hatcheries in Angkor Borei district with technical support from the Asian Institute of Technology. In addition, the project will encourage a business partnership between the project beneficiaries and two social enterprises such as the Khmer Organic Cooperative and Natural Agriculture Village to train farmers on high-value agriculture production that will meet safety and quality standards. It is anticipated that, in return,

²⁴ The committee is headed by the Deputy Prime Minister and representatives from 18 line ministries, including the Ministry of Culture and Fine Arts, Ministry of Economy and Finance, MOT, Ministry of Interior, Ministry of Rural Development, Ministry of Land Management, and Ministry of Environment.

²⁵ ADB. 2018. [Technical Assistance for Southeast Asia Agriculture, Natural Resources and Rural Development Facility](#). Manila.

the enterprises will purchase farmers' produce, and package and sell it to their existing clientele in Phnom Penh and Siem Reap.²⁶

B. Economic and Other Impacts, Financial Viability, and Sustainability

19. The project's overarching objective is to attract the already-existing tourists at the nearby heritage sites to the two project villages. Demand risk will be minimized by cooperating with the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Cambodian Association of Travel Agents (CATA), and MTCO's support on tourism promotion. The project will support the legal registration of the CBT groups and provide them with the option to lease to local businesses the restaurants at the tourist centers that will be constructed under the project. Rental revenues can contribute to covering operations and maintenance expenses, and essential services such as waste management and maintenance of restrooms. Sustainability of the CBT groups and the tourist centers will be secured through revenues from rents, tour and water transport services, and recreational equipment hire. A breakeven analysis indicates CBT groups will generate sufficient revenue to cover operations and maintenance expenses, under a conservative scenario with (i) 30% of existing visitors at nearby heritage sites visiting the project villages; and (ii) about \$7 of average spending per visitor.

20. On high-value agriculture, the selection of crops, fisheries or poultry is based first and foremost on financial viability and potential for income generation during the low tourist season. The project will expand farming skills by recruiting two social enterprises to provide training. These enterprises will also provide a market outlet for the farmers' produce to minimize demand risk.

C. Governance

21. **Financial management.** Financial management risk assessments were conducted on the executing and implementing agencies. The overall pre-mitigation financial management risk was assessed as high. Major risks identified were: (i) the executing and implementing agencies' lack of experience in implementing ADB projects; (ii) limited capacity in financial management, especially in financial reporting; (iii) a lack of formal financial management information systems for project financial reporting; and (iv) a lack of internal audit capacity for both the executing and implementing agencies. To mitigate the identified risks, the financial management action plan includes the following measures: (i) appointment of qualified finance staff and recruitment of an experienced national financial management specialist to support the project; (ii) provision of training and capacity building on disbursement and financial management requirements; (iii) procurement of accounting software to augment the accounting and financial reporting capacity of the project; and (iv) support from the Office of the Council of Ministers' internal audit department on including the project in its regular internal audit work program.

22. **Procurement.** A procurement risk assessment was conducted on the executing and implementing agencies. The pre-mitigation procurement risk was assessed as high, as the agencies have no experience in implementing ADB projects. A risk management action plan includes the following mitigation measures: (i) the CSAF will engage a national procurement and contracts management specialist, and an international tourism development and project management specialist to assist with procurement actions and project start-up; (ii) procurement training will be provided before grant effectiveness; and (iii) project implementation consultants

²⁶ The Khmer Organic Cooperative promotes non-chemical poultry production, while the Natural Agriculture Village promotes safe vegetable production using a participatory guarantee system. During consultations, these enterprises reported strong demand but supply constraints. Hence, the arrangement will be mutually beneficial.

will provide on-the-job training. The CSAF has established a Procurement Review Committee, a Consultant Selection Committee, and a Bid Evaluation Committee to review all procurement documents. The Ministry of Economy and Finance will provide financial management and procurement oversight throughout the implementation. A Strategic Procurement Plan was prepared to ensure value for money is achieved for the procurement of works, goods, and consulting services.²⁷

23. **Integrity.** Integrity due diligence with respect to the CSAF was conducted and no significant integrity risks were identified.²⁸ Cambodia's integrity and corruption risks have also been considered in the risk assessment. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and executing and implementing agencies. The specific policy requirements and supplementary measures are described in the PAM.

D. Poverty and Social Impacts

24. The project will directly benefit about 4,000 villagers, including poor and low-income segments of the population.²⁹ A total of 900 villagers will benefit through tourism services and high-value agriculture under outputs 1 and 2. Due to the beneficiaries' lower education levels, the project will use pictorial training materials to ensure that information is accessible.

25. The project is categorized as *effective gender mainstreaming*. As women have been disproportionately affected by COVID-19, especially with respect to job losses, increased care burdens, and exposure to gender-based violence, the project will work closely with female beneficiaries to maximize their access to training, employment, and leadership opportunities. As women are responsible for the production and marketing of vegetables, fisheries and poultry in Cambodia, the potential for women's economic empowerment is included as a criterion in the selection of high-value agriculture livelihoods (footnote 16). At least 10% of the individuals involved in tourism-related and high-value agriculture livelihoods will be from households headed by women. The project will ensure at least 30% female participation in the project interventions including high-value agriculture, tourism services, marketing, and capacity building. A gender action plan has been prepared to identify the different needs and specific issues that women, especially household heads, will face in CBT and high-value agriculture.

E. Participatory Approach

26. Consultation meetings were held with residents of the project villages on (i) agricultural livelihoods selection; (ii) tourist facilities promoting gender inclusiveness; (iii) environment and social safeguards; (iv) a grievance redress mechanism; and (v) interest in establishing the CBT groups to manage project-funded tourist facilities. The executing and implementing agencies will facilitate dialogue between all stakeholders and facilitate adaptive management practices as required. The CBT groups will be established following the experience of successful models and will be responsible for tourism infrastructure maintenance. The CBT group leadership will be elected by community members (footnote 14). The gender action plan and the design and monitoring framework include numerical indicators that specify the minimum number of women in decision-making positions and in the membership of the CBT groups.

²⁷ Strategic Procurement Plan (accessible from the list of linked documents in Appendix 2).

²⁸ ADB. 2003. [Enhancing the Asian Development Bank's Role in Combating Money Laundering and the Financing of Terrorism](#). Manila.

²⁹ Tabulation of the anticipated number of beneficiaries is provided in Appendix 8 of the Project Administration Manual (accessible from the list of linked documents in Appendix 2). In Techo Thamecheat village, 11.2% of the population are poor, while 15.0% are poor in Prek Taphor village.

F. Development Coordination

27. Consultations were held with (i) the Embassy of Japan in Cambodia; (ii) Japan International Cooperation Agency; (iii) UNESCO, which is supporting the National Authority for Preah Vihear on heritage site conservation; and (iv) CATA and MTCO, which will support tourism marketing. Additional meetings were held with (i) agricultural social enterprises; (ii) Terao Litech (Cambodia), a Japanese-owned enterprise, which will establish a tilapia hatchery near Techo Thamacheat village; (iii) the Asian Institute of Technology, which will be recruited to support prawn hatchery training and operations in Angkor Borei district; and (iv) Teuk Saat 1001, which, with the project's support, will expand the potable water supply to Techo Thamacheat village.

28. The project will connect the project villages to a wider community of development partners and social enterprises. For tourism development, the executing and implementing agencies will coordinate with the project villages and other stakeholders including UNESCO, CATA, and the MTCO to promote and mainstream the two villages into the itineraries of tourists. For high-value agriculture, it is envisaged that project beneficiaries and partnering social enterprises will maintain business relationships, independent from the government.

G. Safeguards

29. The project is classified *category B* for environment in compliance with ADB's Safeguard Policy Statement (2009). An initial environmental examination was conducted, and an environmental and social management plan (ESMP) has been prepared. Environmental impacts are expected to be limited, site-specific, reversible, and managed through the implementation of the ESMP. A heritage impact assessment was conducted as part of the initial environmental examination. The ESMP on cultural heritage protection provides concrete guidance on infrastructure design, construction supervision, and operation. The grievance redress mechanism procedures will be used during project implementation as specified in the ESMP and monitored by the CSAF. Technical support will be provided to build capacity of the CSAF to implement and monitor environmental and social safeguard measures. Semiannual environmental and social monitoring reports will be submitted by the CSAF to ADB for disclosure.

30. The project is classified *category C* for involuntary resettlement and indigenous peoples in compliance with ADB's Safeguard Policy Statement (2009). Social safeguard due diligence reports for the two project villages were completed. Neither private land acquisition nor resettlement impacts are expected. The tourism infrastructure will be constructed on government land, and a renewable land-use agreement will be entered into between the government and the CBT groups, which will manage, operate, and maintain the tourism infrastructure.³⁰

31. The CSAF circulated a project information booklet in both Khmer and English and held public consultations with local communities and local government agencies.³¹ As the project is classified *category C* for involuntary resettlement, it is not covered by the Inter-ministerial Resettlement Committee, General Department of Resettlement under the Ministry of Economy and Finance. Monitoring of involuntary resettlement will be CSAF's responsibility.

³⁰ A draft land-use agreement, to be signed between project communities and local government authorities, is in the Community-Based Tourism Groups Establishment, Bylaws, and Land Use Agreement (accessible from the list of linked documents in Appendix 2).

³¹ The booklet is included as Annex 4 in the Social Safeguards Due Diligence Report (accessible from the list of linked documents in Appendix 2).

H. Risks and Mitigating Measures

32. Significant risks and mitigating measures are summarized in Table 5.

Table 5: Summary of Risks and Mitigating Measures

Risks	Description	Mitigating Measures
Governance	Local government's overreach into CBT business operations and management of CBT facilities may weaken community ownership and participation.	The project will (i) facilitate commercial partnerships between farmers and social enterprises (para. 18); and (ii) support CBT groups' legal registration, so that there are options for communities to enter into legally binding contracts with local businesses to support the management of project facilities (para. 19). Such arrangements will define appropriate roles for government agencies, CBT groups, and private stakeholders.
Fiduciary risks (financial management)	Misallocation of project resources, appointment of unqualified counterpart staff, and lack of overall financial management capacity will directly impact on the effectiveness of project implementation.	Annual audits of the project financial statements will be conducted by an external independent auditor, which will be funded by the government. ADB and the government will also conduct routine project performance reviews. The project will provide a national financial management and administration specialist to augment the financial management capacity of the CSAF. A financial management action plan has been prepared, and its compliance is covenanted in the grant agreement.
Fiduciary risks (procurement)	The executing agency's inexperience with procurement procedures may cause delays in procurement.	Procurement processes will be controlled by MEF. The project will recruit (i) a national procurement and contracts management specialist to ensure quality goods and equipment are delivered; (ii) an engineering specialist to supervise civil works construction; and (iii) an international tourism development and project management specialist to oversee the quality of work by consultants.

ADB = Asian Development Bank, CBT = community-based tourism, CSAF = Civil Society Alliance Forum, MEF = Ministry of Economy and Finance.

Source: Asian Development Bank.

IV. ASSURANCE AND CONDITIONS

33. The government and the CSAF have assured ADB that the implementation of the project shall conform to all applicable ADB policies, including those concerning anticorruption measures, safeguards, gender, financial management, procurement, consulting services, and disbursement as described in detail in the PAM and the grant agreement.³² No withdrawals shall be made from the grant account until the executing and implementing agencies are established and staffed, and have undertaken training and capacity building in relevant areas of ADB policies and procedures on procurement, disbursement, and financial management.

V. THE PRESIDENT'S DECISION

34. The President, acting under the authority delegated by the Board, has approved the administration by the Asian Development Bank of the grant not exceeding the equivalent of \$3,000,000 to the Kingdom of Cambodia for the Community-Based Tourism COVID-19 Recovery Project, to be provided by the Japan Fund for Prosperous and Resilient Asia and the Pacific.

³² Legal document to be signed by the government and ADB.

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
2. Community-based tourism and livelihood activities implemented	<p>1f. Training on CBT operations and promotion, as well as high-value agriculture, provided to at least 700 individuals, disaggregated by sex^d (2022 baseline: 0)</p> <p>1g. At least 20% of the CBT and high-value agriculture trainees are women (2022 baseline: 0)</p> <p>2a. Tourism-related and high-value agriculture livelihoods provided to at least 200 individuals, disaggregated by sex (2022 baseline: 0) (OP 1.2)</p> <p>2b. At least 10% of the individuals involved in tourism-related and high-value agriculture livelihoods are from households headed by women (2022 baseline: 0) (OP 2.1)</p> <p>2c. At least 10% of the individuals receiving tourism-related and high-value agriculture livelihoods are poor according to the IDPoor database (2022 baseline: 0)</p>	2a–2c. Project progress reports	
3. Community-based public facilities and services enhanced	<p>3a. Tourism infrastructure provided to project communities in Techo Thamacheat village and Angkor Borei remain functional and well maintained (2022 baseline: 0) (OP 5.1.1)</p> <p>3b. At least 30% of attendees in consultation meetings on infrastructure design are women (2022 baseline: 0%)</p> <p>3c. At least 20% of unskilled laborers for project construction are women (2022 baseline: 0%)</p>	3a–3c. Project progress reports	

Key Activities with Milestones

1. Local capacity for community-based tourism development and promotion strengthened

- 1.1. Conduct training on tourism operations and related services (guiding, food services, hygiene, and lodging), maintenance of project infrastructure, marketing and promotion, and financial management (Q3 2022–Q2 2024).^e

<p>1.2. Conduct surveys to collect baseline beneficiary household data (disaggregated by sex) for output and outcome level indicator monitoring (Q2 2022, Q1 2024, and Q1 2026)</p> <p>1.3. With the support of UNESCO, CBT groups map out important local cultural and natural heritage assets (both tangible and non-tangible) for cultural conservation and potential tourism product development (Q2 2022–Q1 2023)</p> <p>1.4. Collaborate with CATA and the MTCO on itinerary development, promotion, and marketing (Q3 2022–Q4 2023)</p> <p>2. Community-based tourism and livelihood activities implemented</p> <p>2.1. Conduct market assessment and consultations with CBT groups to establish tourist and livelihood activities (Q3 2022–Q1 2023)</p> <p>2.2. Assist project beneficiaries in finding external markets (e.g., Phnom Penh and Siem Reap), in partnership with CATA (for tourism) and social enterprises (for high-value agriculture) (Q2 2022–Q2 2023)</p> <p>2.3. Establish tourism and livelihood activities and provide continuous technical and marketing support (Q3 2022–Q2 2024)</p> <p>3. Community-based public facilities and services enhanced</p> <p>3.1. Conduct consultations with CBT groups to identify and construct suitable community public facilities essential for tourism operations and livelihood activities (Q2 2022–Q2 2023)</p> <p>3.2. Procure small-scale civil work construction and equipment (Q3 2023–Q1 2024)</p> <p>Project Management Activities</p> <p>Mobilize capacity building consultants (Q1 2022)</p> <p>Mobilize project implementation consultants (Q1 2022)</p> <p>Establish PPMS and conduct needs assessment for specific project management skills (Q1 2023)</p> <p>Inputs</p> <p>Japan Fund for Prosperous and Resilient Asia and the Pacific: \$3,000,000 (grant)</p> <p>Government of Cambodia: \$510,000 (in-kind)</p> <p>Social enterprises (Teuk Saart 1001 Social Enterprise): \$50,000 (in-kind)</p> <p>Beneficiaries: \$150,000 (in-kind)</p>
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CATA = Cambodian Association of Travel Agents, CBT = community-based tourism, COVID-19 = coronavirus disease, MTCO = Mekong Tourism Coordinating Office, OP = operational priority, PPMS = project performance management system, Q = quarter, UNESCO = United Nations Educational, Scientific and Cultural Organization.

^a Ministry of Tourism. 2012. *Tourism Development Strategic Plan 2012–2020*. Phnom Penh.

^b A CBT group is considered financially sustainable when its operating cash flow is positive: i.e., when its income is sufficient to cover its operating expenses including, but not limited to, staff salaries, utilities, and operations and maintenance.

^c Training topics will include CBT group formation and organization, guiding and servicing, food and lodging hygiene, maintenance of tourist-related infrastructure, financial management, domestic and intra-Greater Mekong Subregion marketing activities, tourism management, community relationships, product development and marketing, sanitation and hygiene, and COVID-19 response.

^d The 700 villagers include anyone who will receive training on (i) high-value agriculture and (ii) any topic covered in footnote c above.

^e Any aspect of the training pertinent to sanitation and hygiene will strictly follow the Ministry of Health's latest health and safety standards, which are updated in response to COVID-19.

Contribution to Strategy 2030 Operational Priorities:

In addition to the OP indicators tagged in the design and monitoring framework, this operation will contribute to results for (i) OP 1.3 Poor and vulnerable people with improved standards of living (4,000 individuals); and (ii) OP 5.3.2 Farmers using quality farm inputs and sustainable mechanization (140 farmers)

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=53243-001-2>

1. Grant Agreement
2. Project Administration Manual
3. Summary Poverty Reduction and Social Strategy
4. Gender Action Plan
5. Initial Environmental Examination
6. Contribution to Strategy 2030 Operational Priorities

Supplementary Documents

7. Japanese Visibility
8. Specific Coordination Details with the Local Embassy of Japan and Japan International Cooperation Agency
9. Administrative Budget Support
10. Justification for the Purchase of Project Vehicle
11. Sector Assessment Summary: Tourism in Cambodia
12. Financial Management Assessment Report
13. Social Safeguards Due Diligence Report
14. Strategic Procurement Plan
15. Community-Based Tourism Groups Establishment, Bylaws, and Land Use Agreement
16. Financial Analysis for High-Value Agriculture Livelihoods for Angkor Borei
17. Financial Analysis for High-Value Agriculture Livelihoods for Preah Vihear
18. Sustainability Analysis for Tourism Infrastructure