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**GMS** Urban Development  
Working Group

4–5 July 2018 • Manila, Philippines



ADB



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# GMS Cooperation in Tourism

**SERC PRESENTATION AT 2<sup>nd</sup> MEETING OF GMS URBAN DEVELOPMENT  
WORKING GROUP  
Manila, 4-5 July 2018**

# OUTLINE OF PRESENTATION

1. Tourism in the Greater Mekong Subregion
2. Tourism Cooperation in the GMS Program
3. Key Considerations in GMS Tourism Cooperation
4. Tourism – Urban development Linkages
5. ADB-funded GMS Tourism Projects
6. Conclusions

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# Tourism in the Greater Mekong Subregion

**Tourism's Contribution to Gross Domestic Product and Employment, 2015**

	CAM	LAO	MYA	THA	VIE	YUN	GUA
International visitor arrivals (million)	4.77	4.68	4.68	29.88	7.94	3.82	2.09
International visitor expenditure (\$ billion)	3.01	0.73	2.12	47.97	9.56	2.42	0.94
Direct contribution to GDP (%)	13.5	4.6	2.6	9.3	6.6	23.3	16.6
Tourism investment (\$ billion)	0.41	0.37	2.5	6.50	5.09	4.49	1.69
Tourism workers (million)	1.03	0.12	0.66	2.40	2.78	2.48	0.94
Women's share of employment (%)	54	50	~50	65	70	~50	~50
Average expenditure per tourist (\$)	631	156	453	1,605	1,204	628	449

CAM = Cambodia; GDP = gross domestic product; GUA = Guangxi Zhuang; LAO = Lao People's Democratic Republic; MYA = Myanmar; THA = Thailand; VIE = Viet Nam; YUN = Yunnan.

Sources: National tourism organization estimates; World Travel & Tourism Council; ADB. 2009. *Gender-Related Impacts of the Global Economic Slowdown in the Greater Mekong Subregion: Emerging Trends and Issues*. Manila.

Extracted from the *GMS Tourism Sector Strategy 2016-2025*

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# Tourism Cooperation in the GMS Program (1 of 6)

## Box: Goals of the Greater Mekong Subregion Strategic Framework

- Strengthen infrastructure linkages
- Facilitate cross-border trade and investment, and **tourism**
- Enhance private sector participation and competitiveness
- Develop human resources
- Protect the environment and promote sustainable use of shared natural resources

Source: ADB. 2002. *Building on Success: A Strategic Framework for the Next Ten Years of the Greater Mekong Subregion Economic Cooperation Program*. Manila.

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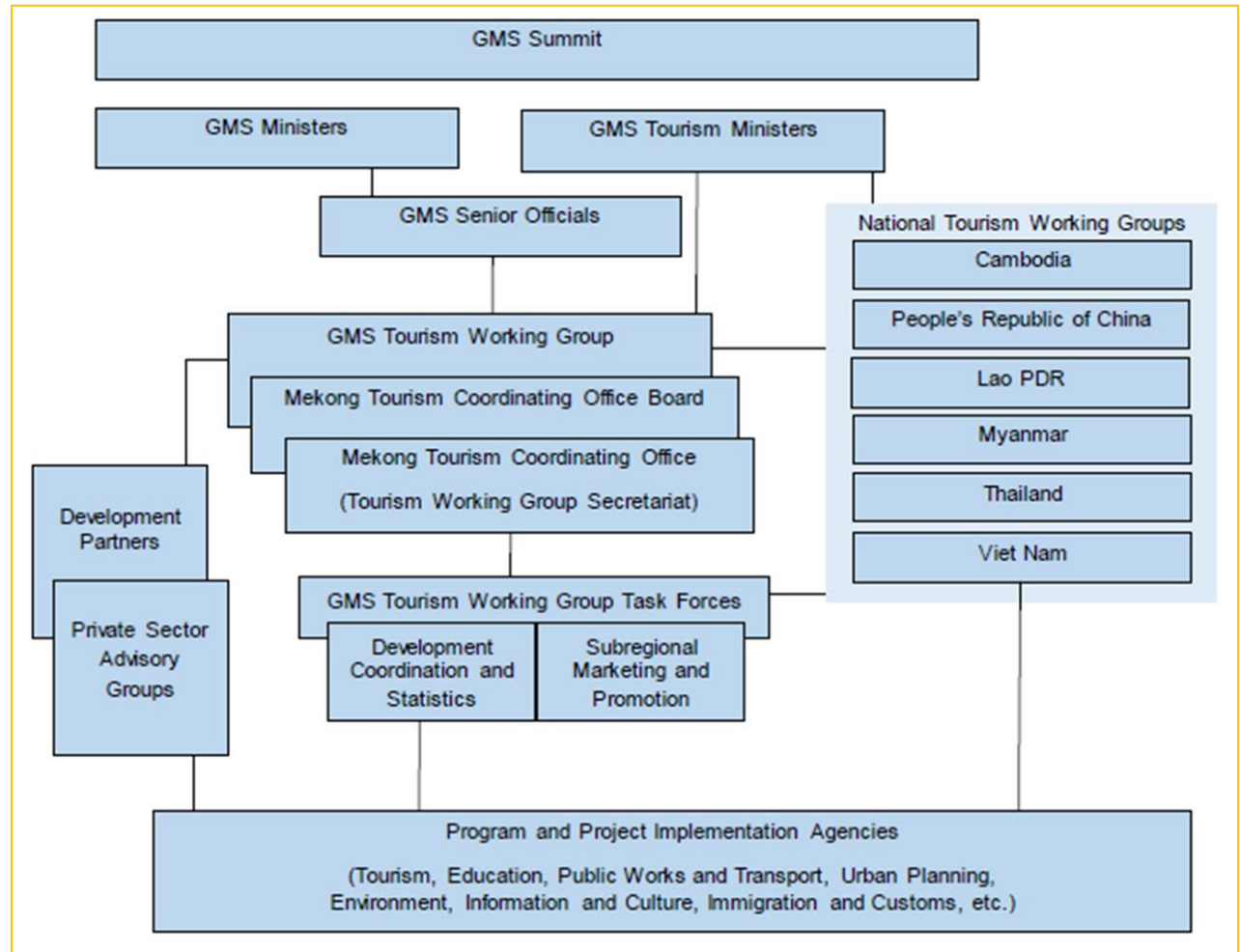
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# Tourism Cooperation in the GMS Program (2 of 6)

## GMS Tourism Cooperation Institutional Framework



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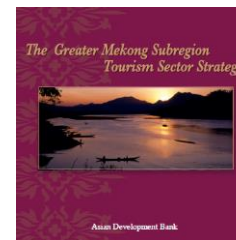
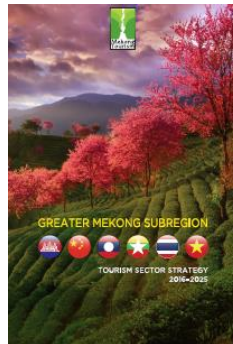
# Tourism Cooperation in the GMS Program (3 of 6)

**GMS tourism arrivals reached 60 million in 2016 from 10 million in 1995**

**Steady improvement in destination marketing, heritage conservation, travel facilitation, tourism-related infrastructure and business-enabling environment for tourism**

**Countries' efforts proceeding to establish the Mekong Tourism Coordinating Office (MTCO) as an inter-governmental organization**

## Achievements in GMS Tourism Cooperation



**Aligned with ASEAN and national tourism plans**

**GMS Tourism Sector Strategy 2016-2025 endorsed by 22<sup>nd</sup> GMS Ministerial Conference in September 2017**

**GMS Tourism Marketing Strategy and Action Plan 2015-2020**

**GMS Tourism Sector Strategy 2011-2015**

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# Tourism Cooperation in the GMS Program (4 of 6)



**Tourism in the Greater Mekong Subregion is Integrated, Prosperous, Equitable and Resilient with Effective Partnerships and Knowledge Management**

## GMS Tourism Sector Strategy 2016-2025

### Guiding Principles:

- generate benefits for more than one GMS country
- protect cultural, natural, urban and other tourism assets
- emphasize secondary destination development and destination development along the Mekong River
- promote continuous quality service improvement
- enable meaningful and beneficial experiences for visitor and host
- ensure safe and accessible destination development
- strengthen the business-enabling environment for small and medium-sized enterprises
- disseminate consistent messages and a visual identity that communicates the Mekong brand characteristics of nature, culture and community
- encourage cooperation and collaboration among all stakeholders

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# Tourism Cooperation in the GMS Program (5 of 6)

## GMS Tourism Sector Strategy 2016–2025

Expected Outcomes: More competitive, balanced, and sustainable destination development

Strategic Direction 1 Human Resource Development	Strategic Direction 2 Improve Tourism Infrastructure	Strategic Direction 3 Enhance Visitor Experiences & Services	Strategic Direction 4 Creative Marketing and Promotion	Strategic Direction 5 Facilitate Regional Travel
Program 1.1 Implement regional skills standards	Program 2.1 Improve airports	Program 3.1 <b>Create integrated spatial and thematic destination plans</b>	Program 4.1 Promote thematic multicountry experiences and events	Program 5.1 Advocate implementation of air services agreements
Program 1.2 Capacity building for public officials	Program 2.2 Improve road access in secondary destinations	Program 3.2 Develop thematic multi-country experiences	Program 4.2 Position the GMS as a must visit destination in Asia	Program 5.2 Address tourist visa policy gaps
Program 1.3 Strengthen tourism enterprise support services	Program 2.3 <b>Develop green urban infrastructure and services</b>	Program 3.3 Implement common tourism standards	Program 4.3 Strengthen public-private marketing arrangements	Program 5.3 <b>Improve border facilities and management</b>
	Program 2.4 Improve river and marine passenger ports	Program 3.4 Facilitate investment in secondary destinations	Program 4.4 Enhance market research and data exchange	
	Program 2.5 Expand the transnational railway system	Program 3.5 Prevent negative social and environmental impacts	Program 4.5 Raise awareness about tourism opportunities and sustainability	

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# Tourism Cooperation in the GMS Program (6 of 6)

Aligned with and supportive of the broader strategic direction and operational priorities of the GMS Program

## JOINT SUMMIT (Mar 2018) DECLARATION

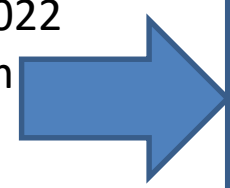
**Way Forward:** Full support to the HAP 2018-2022 and RIF 2022 to guide GMS Program in medium term

## **Ha Noi Action Plan (HAP) 2018-2022**

Sets refined strategic directions and operational priorities in the remaining 5 years of the GMS Strategic Framework 2012-2022; reflects the **tourism sector** operational priorities

## **Regional Investment Framework (RIF) 2022**

A “living” pipeline of 227 projects worth \$66 billion to support the HAP; **tourism pipeline: 12 investment projects = \$1.4 billion, and 17 TAs for \$83 million**



<http://greatermekong.org/ha-noi-action-plan-2018-2022>



<https://greatermekong.org/gms-regional-investment-framework-2022>

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# Key Consideration in GMS Tourism Cooperation (1 of 2)

STRENGTHS	CONSTRAINTS
<ul style="list-style-type: none"><li>• Well-established Greater Mekong Subregion tourism cooperation framework</li><li>• More than 300 million hospitable residents</li><li>• Outstanding variety of natural, cultural, and urban tourism assets</li><li>• Safety and security</li><li>• Close to major source markets</li><li>• Excellent gateway connectivity</li><li>• Quality tourism infrastructure and services in gateway destinations</li><li>• High-caliber hospitality companies and tour operators</li><li>• Good value for money</li></ul>	<ul style="list-style-type: none"><li>• Shortage of skilled tourism workers and destination managers; low awareness of tourism career opportunities</li><li>• Cumbersome business and regulatory environment</li><li>• Underdeveloped transport and urban infrastructure in secondary destinations</li><li>• Lack of integrated destination planning and management</li><li>• Variable service standards</li><li>• Low awareness of private investment opportunities in secondary destinations</li><li>• Seasonality</li><li>• Inconsistent Mekong brand messaging</li><li>• Lack of funding and personnel for joint marketing</li><li>• Visa restrictions and inconvenient border services</li><li>• Slow implementation of open skies and cross-border land transport agreements</li></ul>

Source: Greater Mekong Subregion Tourism Working Group and stakeholder consultations.

Extracted from the *GMS Tourism Sector Strategy 2016-2025*

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# Key Consideration in GMS Tourism Cooperation (2 of 2)

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"><li>• Increasing affluence of developing Asia with a strong affinity for travel and tourism</li><li>• Sharing economy and social media marketing channels</li><li>• High demand for skilled tourism workers</li><li>• Broadened access to regional value chains</li><li>• Expanding regional standards-based education and training</li><li>• Renewed global emphasis on environmental and social sustainability</li><li>• Abundant underdeveloped new experiences, attractions, and multicountry itineraries</li><li>• Improving public-private coordination and collaboration</li></ul>	<ul style="list-style-type: none"><li>• Overcrowding of primary attractions</li><li>• Environmental degradation</li><li>• Competing destinations</li><li>• Climate change</li><li>• Economic downturns</li><li>• Natural and human-induced disasters</li><li>• Child sex tourism and human trafficking</li><li>• Political instability</li></ul>

Source: Greater Mekong Subregion Tourism Working Group and stakeholder consultations.

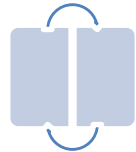
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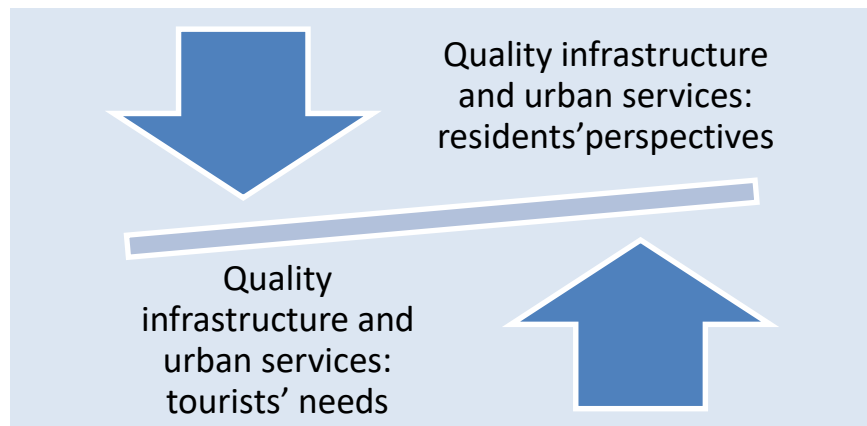
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# Tourism - Urban development Linkages (1 of 2)

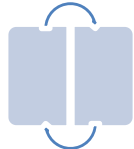


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## Associated Issues

Infrastructure and environmental services can be overwhelmed by a surge in visitor arrivals

Insufficient public revenues to provide for adequate urban services, and for operations and maintenance

Public financial management of local governments to actually collect fees, tariffs, public revenues for urban services delivery and management

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# ADB-funded GMS Tourism Investment Projects (1 of 3)

LOAN/ GRAN T	COUNTRY	TITLE	DATE APPROVED	TOTAL COST (\$million)	ADB Financing	Gov't
1a	CAM	GMS: Mekong Tourism Dev	Dec 2002	20.70	15.60	5.1
1b	LAO PDR	GMS: Mekong Tourism Dev	Dec 2002	14.20	10.90	3.3
1c	VIE	GMS: Mekong Tourism Dev	Dec 2002	12.20	8.50	3.7
2a	LAO PDR	GMS: Sustainable Tourism Dev	Oct 2008	10.87	10.00	0.87
2b	VIE	GMS: Sustainable Tourism Dev	Oct 2008	11.11	10.00	1.11
3a	CAM	GMS Tourism Infrastructure for Inclusive Growth	Nov 2014	18.77	18.00	0.77
3b	VIE	GMS Tourism Infrastructure for Inclusive Growth	Sept 2014	55.08	50.00	5.08
3c	LAO PDR	GMS Tourism Infrastructure for Inclusive Growth	Sept 2014	43.57	40.00	3.57
			<b>TOTAL</b>	<b>186.50</b>	<b>163.00</b>	<b>23.5</b>

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# ADB-funded GMS Tourism TA Projects (2 of 3)

TA	TITLE	DATE APPROVED	TOTAL COST (\$'000)	ADB Financing (\$'000)	Gov't	Co-financing
1	Regional Program to Train Trainers in Tourism in the GMS	Oct 1995	149.00	130.00		19.00
2	Tourism Skills Development in the GMS	Sept 1998	135.00		10.00	125.00
3	Mekong/Lancang River Tourism Infrastructure Development	Dec 1999	770.00		170.00	600.00
4	GMS Tourism Sector Strategy	July 2004	800.00	800.00		
5	Preparing the Sustainable Tourism Development	Dec 2005	900.00	900.00		
6	GMS: Tourism Infrastructure for Inclusive Growth	Nov 2012	1,200.00	1,200.00		

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# ADB-funded GMS Tourism TA Projects (3 of 3)

TA (cont)	TITLE	DATE APPROVED	TOTAL COST (\$000)	ADB Financing (\$000)	Gov't	Co-financing
7	Strengthening the Mekong Tourism Coordinating Office	Oct 2013	225.00	225.00		
8	Preparing the Second GMS Tourism Infrastructure for Inclusive Growth Project	March 2016	1,500.00	1,500.00		
9	Preparing the Second GMS Tourism Infrastructure for Inclusive Growth Project	Oct 2016	1,000.00			1,000.00
10	Mekong Tourism Innovation	March 2018	225.00			225.00
		<b>TOTAL</b>	<b>6,904.00</b>	<b>4,755.00</b>	<b>180.00</b>	<b>1,969.00</b>
	<b>OVERTALL TOTAL:</b>		<b>193.4 M</b>	<b>167.75 M</b>	<b>23.68 M</b>	<b>1.96 M</b>

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# Completed ADB-Funded GMS Tourism Investment Projects (1 of 2)

**Objective:** Promote sustainable tourism in the lower Mekong basin countries through infrastructure improvements, community and private sector participation and subregional cooperation

**GMS  
Mekong  
Tourism  
Development  
Projects  
(CAM,  
LAO,  
VIE),  
\$46.4M:  
2002-2010**

## OUTPUTS

Output A: improve urban environmental conditions at key tourist destinations, rehabilitate small airports, and improve access roads to tourist sites

Output B: sustainable, pro-poor community-based tourism

Output C: strengthened public & private sector tourism cooperation

Output D: capacity development

## IMPACTS

Increased in foreign exchange earnings

Rise in tourism employment resulting from new tourism opportunities

Pro-poor tourism policies enshrined in tourism laws, providing solid legal foundation to enable expansion of socially beneficial forms of tourism

Improved sanitary conditions in urban areas and catalyzed public and private investment in tourism-related infrastructure and services

Reduced dust and expanded access to services and transportation, therefore higher living standards

## LESSONS LEARNED

Consider surcharges for operations and maintenance, which tourists are likely willing to pay. Need for sound public financial management systems to enable tourist surcharges to be effectively reallocated.

Integrating software and infrastructure investments serve as catalytic investments to help create conditions for private tourism enterprises to thrive

Need for sustained efforts to improve last-mile tourism access infrastructure and promote secondary GMS destinations that are rich in tourism resources but still burdened by high rates of poverty

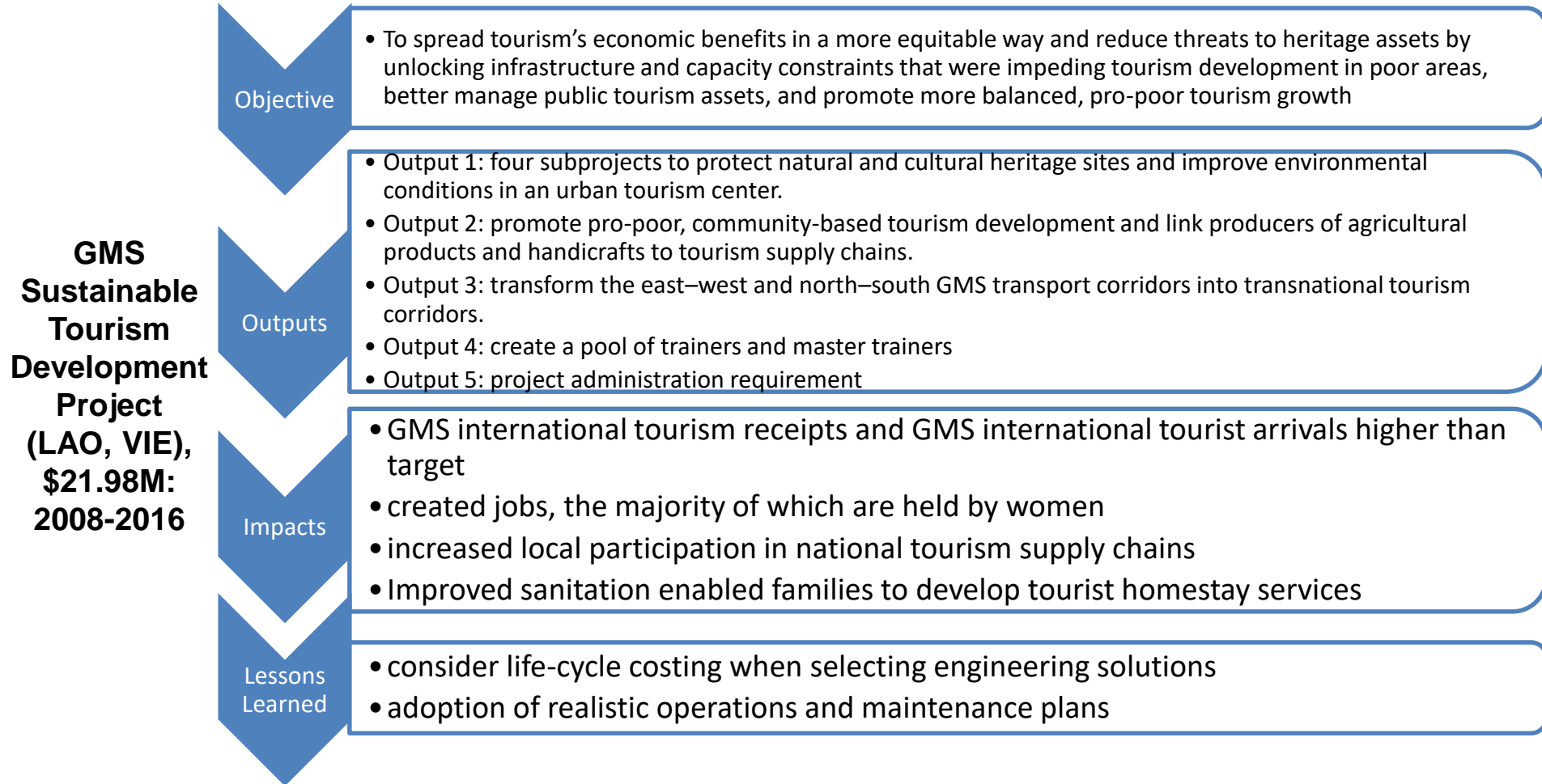
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# Completed ADB-Funded GMS Tourism Investment Projects (2 of 2)



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# Ongoing: GMS Tourism Infrastructure for Inclusive Growth Project (1 of 3)

COUNTRY	ADB FINANCING (\$million)	CO-FINANCING (GOV'T/ OTHERS)	PROJECT AREAS & DESCRIPTION
CAMBODIA	18.00	0.77	<p><b>Project Areas:</b> Kampot, Kep and Koh Kong provinces (GMS Southern Coastal Corridor)</p> <p>Project will:</p> <ul style="list-style-type: none"> <li>(i) create about 17,000 tourism-related jobs, 60% of which will be held by women;</li> <li>(ii) pave 6.5 kilometers of rural roads and construct a marine ferry terminal to open new areas for tourism and improve access to markets and social services for about 12,000 residents;</li> <li>(iii) improve wastewater management in areas important for tourism to reduce public health hazards for 12,700 residents and 1.16 million annual visitors beginning in 2019; and</li> <li>(iv) facilitate business support services and access to microfinance for at least 375 micro, small, and medium-sized enterprises.</li> </ul>

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# Ongoing: GMS Tourism Infrastructure for Inclusive Growth Project (2 of 3)

COUNTRY	ADB FINANCING (\$million)	CO-FINANCING (GOV'T/ OTHERS)	PROJECT AREAS & DESCRIPTION
LAO PDR	40.00	3.57	<p><b>Project Areas:</b> Champassak, Khammouane, Luangprabang, and Oudomxay (GMS Central Corridor)</p> <p>Project will:</p> <ul style="list-style-type: none"> <li>(i) contribute to the creation of 27,000 tourism-related jobs in the Lao PDR;</li> <li>(ii) pave 70 km of rural roads to open new areas for private tourism investment and improve access to markets and social services for 15,000 people;</li> <li>(iii) Improve environmental services in areas important for cross-border tourism to reduce public health hazards for 35,000 residents and 2.4 million annual visitors, beginning in 2019; and</li> <li>(iv) facilitate business support services for at least 500 small and medium-sized enterprises.</li> </ul>

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# Ongoing: GMS Tourism Infrastructure for Inclusive Growth Project (3 of 3)

COUNTRY	ADB FINANCING (\$million)	CO-FINANCING (GOV'T/ OTHERS)	PROJECT AREAS & DESCRIPTION
VIET NAM	50.00	5.08	<p><b>Project Areas:</b> Dien Bien, Ha Tinh, Kien Giang, Lao Cai, and Tay Ninh.</p> <p>Project will:</p> <ul style="list-style-type: none"> <li>(i) contribute to the creation of 85,000 tourism-related jobs in Viet Nam;</li> <li>(ii) pave 45 km of rural roads to open new areas for private tourism investment, and improve access to markets and social services for about 30,000 residents;</li> <li>(iii) Improve environmental services in areas important for cross-border tourism to reduce public health hazards for 21,000 residents and 8.8 million annual visitors beginning in 2019; and</li> <li>(iv) facilitate business support services and access to microfinance for at least 560 micro-, small, and medium-sized enterprises.</li> </ul>

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# Preparing the Second GMS Tourism Infrastructure for Inclusive Growth Project

COUNTRY	ADB FINANCING (\$million)	CO-FINANCING (GOV'T/ OTHERS)	PROJECT AREAS & DESCRIPTION
Cambodia. Lao PDR, Myanmar, Viet Nam	1.50	1.00	<p><b>Project Areas:</b>            CAM: Preah Sihanouk            LAO: Oudomxay, Vientiane            MYA: Mandalay Region, Mon State            VIE: Lai Chau, Nghe An, Son La, Thai Nguyen</p> <p><b>Expected outputs:</b></p> <ul style="list-style-type: none"> <li>(i) urban-rural access infrastructure and urban environmental services improved,</li> <li>(ii) capacity to implement ASEAN tourism standards strengthened, and</li> <li>(iii) institutional arrangements for tourism destination management and infrastructure operation &amp; management strengthened.</li> </ul>

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# CONCLUSION

- GMS has diverse, world-class, cultural, natural, and urban tourism assets and urban centers linked by new transnational highways and bridges.
- Tourism growing rapidly worldwide; GMS international tourism arrivals at 60 million in 2016. Tourists will consume more tourism, leisure and recreational services.
- Need to boost service quality and better manage tourism assets
- Given spillovers of tourism sector into other sectors, need to generate synergies between multiple sectors and catalyze private investment
- Tourism and Urban Development linkages: adequate environmental and social services, well functioning public infrastructure, facilities to ensure tourist safety and security, improve travel facilitation, enhance quality of tourist destinations and products, protect heritage sites, manage negative impact, promote business support services to help small and medium enterprises access national and regional value-chains.
- Tourism and urban planners must balance needs of residents and visitors.

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