



# ENABLING ECOTOURISM DEVELOPMENT IN CAMBODIA

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The World Bank task team for Enabling Ecotourism Development in Cambodia is led by Maurice Andres Rawlins (Natural Resource Management Specialist) and Werner Kornel (Senior Natural Resource Management Specialist) and at the time of delivery includes Elisabeth Steinmayr (Junior Professional Officer), Sumit Baral (Regional Tourism Consultant), Natasha Martin (Tourism Private Sector Consultant), Neth Baromey (Cambodian Tourism Consultant), Jo Pendry (Legal Consultant), and Nick Ray (Tourism Writer and Communications Consultant).

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# ACRONYMS

<b>ASEAN</b>	Association of Southeast Asian Nations	<b>MCDA</b>	Multiple criteria decision approach
<b>AHP</b>	Analytic Hierarchy Process	<b>MEF</b>	Ministry of Economy and Finance
<b>ATTA</b>	Asian Travel and Tourism Association	<b>MLMUPC</b>	Ministry of Land Management Urban Planning and Construction
<b>BBB</b>	Build Back Better	<b>MLVT</b>	Ministry of Labour and Vocational Training
<b>CAM DMC</b>	Cambodia Destination Management Company	<b>MoE</b>	Ministry of Environment
<b>CATA</b>	Cambodia Association of Travel Agents	<b>MoH</b>	Ministry of Health
<b>CBD</b>	Convention on Biological Diversity	<b>MoI</b>	Ministry of Interior
<b>CBET</b>	Community-based Ecotourism	<b>MoP</b>	Ministry of Planning
<b>CDC</b>	Council for Development of Cambodia	<b>MoT</b>	Ministry of Tourism
<b>CMTS</b>	Cardamom Mountain Tonle Sap landscape	<b>MoU</b>	Memorandum of Understanding
<b>CRA</b>	Cambodia Restaurant Association	<b>NCCMD</b>	National Committee for Coastal Management and Development
<b>CSLE</b>	Cambodia Sustainable Landscape and Ecotourism Project	<b>NEP</b>	National Ecotourism Policy
<b>CTF</b>	Cambodia Tourism Federation	<b>NGO</b>	Nongovernmental organization
<b>DET-MoE</b>	DET-MoE Department of Ecotourism of Ministry of Environment	<b>NPASMP</b>	National Protected Area Strategic Management Plan
<b>DMC</b>	Destination Management Company	<b>NTFP</b>	Non-timber forest product
<b>DP</b>	Development Partner	<b>PA</b>	Protected Area
<b>EIF</b>	Ecotourism industry forum	<b>PATA</b>	Pacific Asian Travel Association
<b>EIP</b>	Ecotourism investment project	<b>RDB</b>	Rural Development Bank
<b>ESF</b>	Environment and Social Fund	<b>RMB</b>	Renbinbi
<b>ESP</b>	Ecotourism Services Program	<b>RGK</b>	Royal Government of Cambodia
<b>FIT</b>	Financially Independent Tourist	<b>RMS</b>	Revenue management system
<b>GDP</b>	Gross domestic product	<b>SME</b>	Small and medium enterprise
<b>GIS</b>	Geographic information system	<b>TSP</b>	Tourism service provider
<b>GIT</b>	Group Inclusive Tour	<b>UNWTO</b>	United Nations World Tourism Organization
<b>ICDP</b>	Integrated conservation and development program	<b>VN</b>	Vietnam Airlines
<b>ITB</b>	Institute of Tourism and Development	<b>WASH</b>	Water, sanitation and hygiene
<b>IUCN</b>	International Union for Conservation of Nature	<b>WEF</b>	World Economic Forum
<b>KTV</b>	Karaoke bar	<b>WRS</b>	Wildlife release station
<b>MAFF</b>	Ministry of Agriculture, Forest and Fisheries	<b>WTTC</b>	World Travel and Tourism Council
		<b>YMCA</b>	Young Men's Christian Association



# DEFINITION OF TERMS USED IN THIS REPORT

**Build Back Better (BBB).** BBB is an approach that deals with current disasters and economic shocks whilst also building community resilience to manage future similar situations more effectively. It provides a framework to limit the damage from the current crisis but also to strengthen the ability to deal with future disasters and economic shocks.

**Carrying capacity.** The largest number of tourists able to visit a destination while sustaining and protecting the physical, economic and sociocultural environment at the same time as maintaining visitor satisfaction.<sup>1</sup>

**Community-based ecotourism (CBET).** CBET emerged in the 1990s as a strategy to integrate community development priorities with conservation objectives. These integrated conservation and development programs (ICDPs) support global and national efforts to achieve sustainable development by promoting local economic development initiatives that preserve the natural environment. In Cambodia, ICDPs have acted as a self-financing mechanism for Protected Areas (PAs), as well as supporting participatory conservation and endogenous development across the country.

**Destination Management.** Destination management is the coordinated management of all elements that make up a destination, including the attractions, amenities, access marketing and pricing.<sup>2</sup>

**Ecotourism Investment Project (EIP).** An EIP is a contract between the Government and another actor that gives specific rights to control an area of land for a fixed period of time. This contract also controls the conduct of specific activities related to ecotourism and tourism in that area. Although EIPs may be granted exclusive rights to use the land, an EIP does not grant full ownership rights and the land remains the property of the State.

**Ecotourism Stakeholders.** Government agencies, non-governmental agencies (NGOs), the private sector, local community groups, local communities and other resource management agencies.

**Free independent travelers (FIT).** Tourists who plan their own trips and prefer to travel alone or in small groups

**Group Inclusive Tour (GIT).** A tour of a destination or event for a group of people, usually with some common affiliation (although not always), usually with a minimum of 10 people in the group and usually (although, not exclusively) organized through a travel operator and escorted by a tour guide (although, not necessarily).<sup>3</sup>

**Itinerary.** An itinerary is a travel plan that includes every information like the route of travel, distance and time taken to travel to a place, means of transport that will be used, and any activities at a particular place for every tourist to follow while on a tour.

**Prakas.** A regulation issued adopted by Minister or Central Bank Governor. It must conform to the Constitution and to the law or sub-decree.

**Non-extractive livelihoods.** Human activities that build prosperity without undermining the sustainability of the environment by removing resources. Examples include community wildlife tourism.

**Tourist Destination.** A tourist destination is a city, town, or other area that is dependent to a significant extent on revenues from tourism, or a country, state, region, city, or town which is marketed or markets itself as a place for tourists to visit.<sup>4</sup>

<sup>1</sup> Leung et al. 2018

<sup>2</sup> See: <https://www.solimarinternational.com/what-we-do/destination-management/>

<sup>3</sup> See: <https://holyyoyages.com/group-inclusive-tour-git.aspx>

<sup>4</sup> Beirman. 2003

# HOW IS THIS DOCUMENT ORGANIZED?

This report has been structured around the important issues and challenges that relate to the ecotourism industry in Cambodia. Each one is an integral part of the ecotourism story. The analysis and information provided leads to the section on the recommendations for enhancing an enabling environment for ecotourism in Cambodia.

1. The **Executive Summary** presents the key facts to support the recommendations. It also provides recommended actions that would facilitate a quicker rebound from COVID-19 and sets the scene for developing a more enabling ecotourism environment.
2. **Setting the Scene** explains the background to the report, its aims and objectives.
3. **Ecotourism and the National Economy** presents the data on the importance of ecotourism to the national economy and its relationship to building sustainable non-extractive livelihoods and tackling rural poverty.
4. **Ecotourism Visitors and Source Markets** discusses the different sources markets for ecotourism and how this is changing.
5. **Private Sector Actors** examines the role of the private sector in tourism and ecotourism and the challenges it faces.
6. **Challenges and Barriers to Ecotourism Development in Cambodia** explores these challenges, and others, in greater detail.
7. **COVID-19 – A New Reality** was introduced to the document once it was clear that the pandemic would have such a huge impact on this industry. It discusses the effect of travel restrictions, the economy and the opportunities for renewal.
8. **Create an Enabling Environment for Ecotourism in Cambodia** is the recommendations section. It has two tables that detail all the strategic actions that need to happen to create an enabling environment. It also discusses these recommendations in detail.

Four Case Studies have been included that provide examples of successful community-based ecotourism (CBET) and private sector conservation models. There are also two SPOTLIGHT articles. One is on ecotourism in the Cardamom Mountains and the other on Siem Reap during COVID-19.



Shinta Mani Waterfall, Cardamom Mountains | Nick Ray

# EXECUTIVE SUMMARY

## Key Messages of this Report for the Royal Government of Cambodia (RGC)

**Key Message 1:** Invest **NOW** in ecotourism development to: **DIVERSIFY** Cambodia's tourism product with ecotourism offerings; **CREATE** jobs and **STIMULATE** rural economies; and **PROTECT** the forest assets that underpin ecotourism

**Key Message 2:** **BUILD BACK BETTER** after COVID-19 in the tourism sector by investing in **ECOTOURISM**.

**Key Message 3:** **SUPPORT** ecotourism development now to enable **PRIVATE SECTOR** investments and focus on: regulations for ecotourism; ecotourism infrastructure; protecting forest and natural assets; upskilling labour force and community ecotourism groups; and ecotourism marketing and communication.

## Developing Ecotourism is a Priority for Cambodia's Tourism Sector and Economy

**Cambodia's tourism industry is a key contributor to its economic growth.** The tourism sector provided a sizable contribution to Cambodia's economy and this contribution was on the rise. In 2019, tourism accounted for 21 percent of gross domestic product (GDP)<sup>5</sup> and in 2017 tourism accounted for 25 percent of Cambodia's total exports.<sup>6</sup> The ecotourism sector was a notable part of this and, in recent years, was showing signs of even greater growth than the rest of the tourism industry.<sup>7</sup> Ecotourism is recognized as a subset of tourism and the term is used to cover tourism activities related to nature-based tourism, such as birdwatching, fishing, camping in natural areas, hiking, kayaking, ziplining, and adventure tourism in natural areas.

**However, a recent slowdown in the growth of tourism points to a need to diversify Cambodia's tourism sector.** Angkor Wat is Cambodia's main tourism product and many visitors come to Cambodia for this. However, the number of visitors to Angkor Wat over the past three years have declined by about 10 percent. Visitors from key source markets like South Korea and Japan have also seen declining trends. This impacts the overall number of visitors to Cambodia and the revenues that come from tourist spending. Average daily spending of tourists has declined by about 18 percent which industry experts have noted is due to low tourism destination and product diversification.

**Trends of increased visitors to ecotourism sites in Cambodia indicate that ecotourism is a product that could be further developed to harness its potential.** The numbers of tourists visiting coastal areas and ecotourism sites in Cambodia is growing, doubling between 2014 and 2019, and accounting for 16 percent of all tourist visits in 2019.

**Cambodia's spectacular and pristine natural assets**

**are exactly what ecotourists look for and the opportunities for supporting the expansion of this industry are great.** There are already examples of successful mid-, to high-end ecotourism operations in Cambodia which suggest that ecotourism products have great potential. In addition, iconic landscapes like the Cardamom Mountains have the natural assets to enable development of new and exciting multi-day itineraries that can accommodate the demands of key tourism markets in Cambodia. Some of these assets include waterfalls and rivers for weekend and holiday getaways for domestic tourists. There are mountains, closed canopy forests for hiking, and other similar opportunities for adventure tourism for the younger tourist from both Cambodia and internationally. The rich biodiversity, including birds, insects, and small mammals, provide an attraction for birdwatchers and wildlife enthusiasts. In addition, the remoteness that some of Cambodia's picturesque forested landscapes provide are exactly what the high-end wealthier tourist from North America, Europe, ASEAN countries and China seek.

**Developing the ecotourism industry can create jobs and provide stimulus for rural economies and building livelihoods in rural areas (especially important now due to the impacts of COVID-19).** Tourism contributed directly and indirectly to about 1.3 million jobs in 2018, and annual income from community-based ecotourism has reached as high as US\$300,000 for some rural communities.<sup>8</sup> Agricultural produce, food and transport services are supply chains linked to tourism and ecotourism that can absorb more rural persons. Capacity training and upskilling, and deliberate benefit-sharing mechanisms will be needed.

**Developing ecotourism can produce the revenues needed to help manage Cambodia's extensive Protected Area (PA) network and protect the important economic services provided by the forests in the PAs.** Healthy plants and wildlife, and beautiful landscapes

<sup>5</sup> MoT. 2020

<sup>6</sup> World Integrated Trade Solution (WITS). <https://wits.worldbank.org/>

<sup>7</sup> MoT. 2015-2020

<sup>8</sup> MoE. 2017



The face temple of Bayon and the streets of Siem Reap are empty | Nick Ray, 2020

In 2019, 2.2 million tourists visited the Temples of Angkor bringing much needed tourism dollars into Siem Reap for accommodation providers, restaurants, cafes, bars, shops, galleries, market stalls, attractions and other experiences. Since COVID-19, tourism arrivals have dropped to zero as lockdowns, travel bans, and entry restrictions have come into play. Arrivals are predicted to remain close to zero into May and even June. It is unknown when the situation will return to normal.

and nature in PAs are assets that create high value for ecotourism that help generate about US\$600 billion in annual revenues from ecotourism in PAs globally.<sup>9</sup> Protecting PAs like those in the Cardamom Mountains is also protecting the assets that underpin ecotourism, and other important assets like watershed habitats that provide water for other key economic sectors like agriculture and industry.

**The significant impact of COVID-19 on Cambodia's tourism sector is an additional reason for diversifying the country's tourism offerings.** The flow of international tourists has decreased significantly because of COVID-19 – compared to 2019 international tourist arrivals have decreased by 63 percent.<sup>10</sup> The number of flights leaving Phnom Penh airport decreased by 80 percent and Siem Reap airport by 98 percent.<sup>11</sup> Bars, Karaoke bars (KTVs) and casinos were ordered to close. Hotels, guesthouses and resorts

have had so few customers they have had to close or are struggling to survive. Key tourist destinations in Cambodia are currently empty.

**The impact on the industry is significant. In a high impact scenario Cambodia could see tourist arrivals decrease by 80 percent in 2020 (Table 1).** This would result in lost tourism revenues of about US\$2.8 billion with about one million jobs affected.

**The impact of COVID-19 on PAs will also be significant.** As more people become unemployed due to the fallout of COVID-19, they are more likely to turn to the illegal wildlife trade and to change land usage to supplement incomes. Already there is a rise in illegal incidences of wildlife poaching in Cambodian PAs where tourism has declined.

**Making ecotourism development a part of Cambodia's**

<sup>9</sup> Balmer et al. 2015

<sup>10</sup> Comparing arrivals from January- March in 2019 with 2020. Data from MoT. International tourists includes business travellers.

<sup>11</sup> Garcia. Andres. 2020

**TABLE 1. THREE POSSIBLE ECONOMIC SCENARIOS FOR TOURISM IN CAMBODIA<sup>12</sup>**

<b>High-impact worst-case scenario</b> – This assumes that recovery can only begin from November 2020 onwards	
Decline in arrivals in 2020	80 percent
Loss of revenue	US\$2.77 billion
Approximate number of tourism jobs affected (direct and indirect)	1 million
<b>Substantial-impact scenario</b> – This assumes recovery can only begin from August 2020 onwards.	
Decline in arrivals in 2020	50 percent
Loss of revenue	US\$1.7 billion
Approximate number of tourism jobs affected (direct and indirect)	840,000
<b>Moderate impact scenario</b> – This is the most optimistic scenario that assumes Covid-19 comes under control within the first few months of 2 <sup>nd</sup> quarter of 2020 and some major markets, like China, start to rebound quickly.	
Decline in arrivals in 2020	30 percent
Loss of revenue	US\$1 billion
Approximate number of tourism jobs affected (direct and indirect)	650,000

**post COVID-19 recovery strategy is important for BUILDING BACK BETTER in the tourism sector.** As a cross-cutting economic activity, tourism can lead a wider economic and social recovery. This has been proven by its response to past disruptions, and the United Nation World Trade Organization (UNWTO) is advocating that tourism should be part of countries' COVID recovery plans. Investments in ecotourism are green stimulus<sup>13</sup> which can create jobs immediately such as infrastructure works (hiking and walking trails) for ecotourism and stimulate economic activity. Marketing Cambodia as a place to visit with a unique biodiversity and nature-based experiences and remoteness will attract more tourists in a post-COVID world to address tourist desires of 'getting closer to nature, solo experiences and safety'. Ecotourism destination planning will help ensure a more sustainable management of Cambodia's important biodiversity asset, and improve the quality of

ecotourism products and services that can command higher prices and enhance competitiveness.

**The Cambodia Sustainable Livelihood and Ecotourism (CSLE) Project provides an opportunity for the RGC to make rapid progress on developing sustainable ecotourism in Cambodia.** The CSLE project's objective is to improve PA management, and to promote ecotourism opportunities and non-timber forest product (NTFP) value chains in the Cardamom Mountains Tonle Sap (CMTS) landscape in Cambodia. The US\$55 million financing from the CSLE project will allow the RGC to:

- Improve the enabling environment for the private sector investing in ecotourism with new policies and clear guidelines for ecotourism development in protected areas.

<sup>12</sup> Estimates based on Authors' own calculations. The scenarios are created based on projections provided by international tourism industry experts including the UNWTO. The 80 percent, 50 percent and 30 percent decrease in arrivals are only indicative of what may happen. 2019 is used as a base year for the scenario projections for 2020. Tourist arrivals are estimated for three scenarios of tourist arrival decreases using 2019 arrival data as a baseline, and impact on revenues and jobs using data on international tourist receipts, tourist's average daily spend and average length of stay. The scenarios and the numbers generated are indicative only and should not be used directly in policies or to determine investment needs.

<sup>13</sup> Policies and measures to stimulate short-run economic activity, create conditions for long-term expansion of potential output, and enhance environmental outcomes both in the near- and longer-term.

World Bank analysis identified three potential ecotourism destinations in Cambodia's Cardamom Mountains and Tonle Sap landscape: (1) Koh Kong province; (2) Siem Reap province (Kulen-Tonle Sap); and (3) Phnom Aural Protected Area as potential destinations for ecotourism development.

- Develop the Cardamom Mountains as an ecotourism destination, and provide support to the private sector for destination marketing and branding, development of new ecotourism products, and investments to support connectivity to ecotourism sites within the Cardamoms.
- Integrate protection of forest resources into ecotourism development. Forests are the key asset for ecotourism. Strengthening PA management and promoting inclusive growth of rural communities are the entry point for this.

**The *Enabling Ecotourism Development in Cambodia* report provides clear guidance to the RGC on what needs to be done to develop ecotourism development under the CSLE Project.** It provides insights into the importance of ecotourism as an economic driver in Cambodia, the legal frameworks involved with making it happen, who the tourists and the stakeholders are, and the challenges and barriers that have frustrated the development of the sector. Most importantly, it offers a set of strategic actions that, if implemented, could build the environment needed to allow ecotourism to survive this current challenge, and also to thrive going forward.

## Ecotourism, the National Economy and Rural Livelihoods

**Tourism is responsible for about 17 percent of Cambodia's annual gross domestic product (GDP),**

**and there has been steady growth in the sector since 2010.**<sup>14</sup> International tourist receipts which indicate income from tourism, have almost tripled between 2010 and 2019.

**In 2019, ecotourism accounted for 16 percent of all tourist visits, and the number of visits to ecotourism sites doubled between 2014 and 2019.**<sup>15</sup> In addition, ecotourism is particularly important for the livelihoods of the more vulnerable rural communities. These communities benefit significantly from the ecotourism industry and it provides an excellent tool for tackling poverty. One example of how ecotourism can bring significant economic benefits to rural communities is Kampong Phlok village. In 2018, virtually all their income was derived from ecotourism - US\$300,000.

## Who are the Tourists and Where do They Come From?

**Since 2013, tourism has been increasing steadily in Cambodia and the tourist profile is changing.** In 2019, Cambodia received 6.6 million international tourists, and recorded over 11 million domestic tourists in 2018.<sup>16</sup> The Angkor Complex is still Cambodia's iconic destination and remains the main tourist attraction in Cambodia and the numbers of tourists visiting coastal areas is on the rise. However, the numbers of tourists visiting ecotourism sites is also growing. This suggests there is potential for growth in this tourism segment.

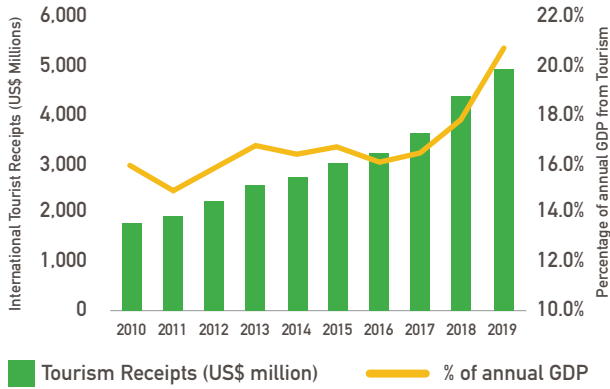
<sup>14</sup> MoT. 2020. The value of 17 percent is based on the average from 2010-2019.

<sup>15</sup> MoT. 2019. Coastal areas are included in data on ecotourism by MoT, and some coastal areas like Sihanoukville have significant visitors for business and casinos. This means that ecotourism data likely captures visitors for non-ecotourism activities.

<sup>16</sup> MoT. 2019

## FIGURE 1. CAMBODIA'S TOURISM AND ECOTOURISM INDUSTRIES AT A GLANCE

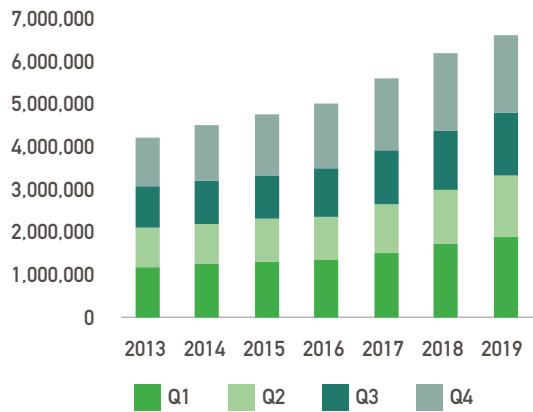
INCREASING INTERNATIONAL TOURIST RECEIPTS TO CAMBODIA PROVIDE A SIGNIFICANT CONTRIBUTION TO ANNUAL GDP



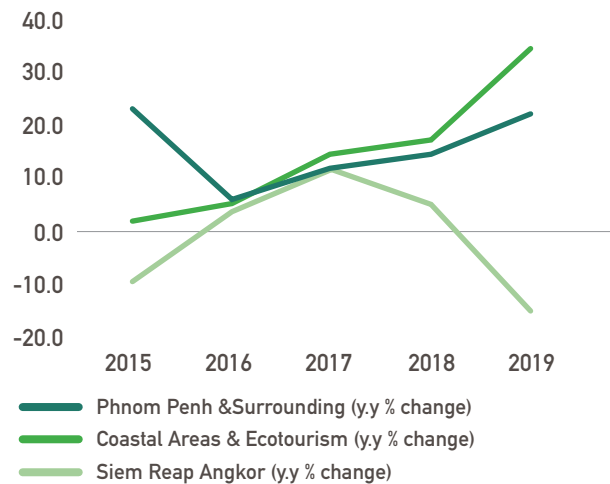
DESPITE DECREASE IN AVERAGE DAILY SPEND OF TOURIST



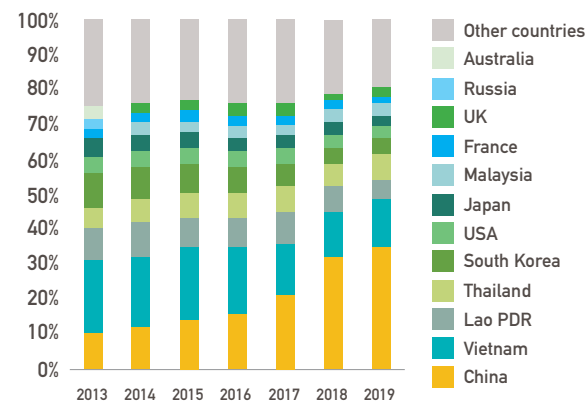
INTERNATIONAL TOURIST ARRIVALS HAVE INCREASED BY ABOUT 150 PERCENT BETWEEN 2013 AND 2019



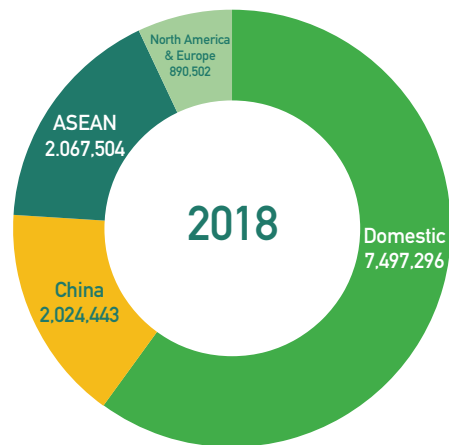
VISITOR NUMBERS TO COASTAL AREAS AND ECOTOURISM SITES HAVE BEEN INCREASING STEADILY OVER THE PAST FIVE YEARS



CHINA IS AN IMPORTANT SOURCE MARKET FOR TOURISM IN CAMBODIA AND ECOTOURISM PRODUCTS WOULD NEED TO BE CUSTOM-MADE FOR THIS TOURIST SEGMENT



DOMESTIC TOURISTS ARE ALSO AN IMPORTANT GROUP THAT ENGAGES SIGNIFICANTLY IN ECOTOURISM. CUSTOM-MADE PRODUCTS WOULD ALSO BE NEEDED FOR DOMESTIC TOURISTS.



Source: MoT, 2010-2019





Cardamom Tented Camp | Khiri Travel Cambodia

## FIGURE 2. CARDAMOM TENTED CAMP

Cardamom Tented Camp is a private enterprise model of ecotourism. The hotel has 18,000 hectares in the Cardamom Mountains and is an ecotourism investment project (EIP). The conservation objective is to ensure the forest is free of illegal loggers, poachers and sand dredging operations. Its tagline is 'Your Stay Keeps the Forest Standing,' and it is funded by Minor Group and Yaana Ventures (the parent company of Khiri Travel).

**The largest number of tourists come from Cambodia itself.** There is limited research available about this sector. However, the bulk of these tourists are day or weekend visitors to ecotourism sites (waterfalls, rivers, beaches) who want to escape the city and meet with their families.

**China is the next largest market. Nearly 35.7 percent of tourists come from China, and between 2017 and 2019 the number of Chinese tourists virtually doubled.**<sup>17</sup> Their profile is changing too as more of them are looking for 'adventure' holidays and more independent types of experiences. This fits well with the ecotourism model and presents a great opportunity for expanding the ecotourism industry.

**Tourists from ASEAN, Europe and North America account for a much smaller proportion of total visitors and have been showing some decrease in visits in recent years.** For example, visitors from South Korea have declined steadily between 2016 and 2019. Sustaining visitor numbers from ASEAN, Europe and North America will require a redesign of tourism

offerings to include more ecotourism experiences, and implementation of a robust trade marketing strategy among other things.

## The Private Sector

**Private sector operators have been operating in Cambodia for a while.** They provide accommodation, transport, activities and act as tour operators. Without them, Cambodia's tourism economy would struggle to exist. The private sector is also growing in Cambodia. Between 2006 and 2019, the number guesthouses and rooms grew by 300 percent and the number of hotel accommodations tripled.<sup>18</sup>

**Private sector operators are involved in the ecotourism industry.** They bring expertise, experience and investment, and open doors to different categories of tourists. There are currently 146 ecotourism operations in Cambodia comprising 87 community-based ecotourism (CBET) operations and 59 private ecotourism operations.<sup>19</sup>

<sup>17</sup> MoT. 2013-2018

<sup>18</sup> MoT. 2006-2019

<sup>19</sup> Baromey, Neth. 2020 [Draft]

**Sustainable ecotourism will require managing the growth of the sector in order to avoid negative impacts on PA resources, and the sustainability of the sector.** Managing visitor numbers will need to be part of an overall destination planning exercise that considers the carrying capacity of the PA based on biophysical conditions, the desired tourist experience, the number of guesthouses and lodges, the behavior of travelers, travel methods, and the number of visitors that can be accommodated in the PA.

## Barriers to a Thriving Ecotourism Sector

**Ecotourism in Cambodia is struggling to develop.**

There are four main reasons for this.

### 1 Inadequate Protection of Ecotourism Assets

**There is a lack of protection of ecotourism assets like PAs.** This lack of protection leads to a degradation of forests and puts Cambodia's biodiversity under threat. Yet, these environmental assets are ecotourism's main resource. If they become threatened, the private sector is less likely to invest in ecotourism.

**EIPs in PAs are the ideal vehicle for attracting tourists and tourist revenues to these areas** - whilst also maintaining and looking after the environment at the same time.

### 2 Low Quality and Diversity of Ecotourism Offerings

**Some of the existing ecotourism offerings are low in quality and their variety is limited.** This lack of diversity and quality does not encourage foreign travelers to 'stay another day' in Cambodia, or to return.

### 3 Inadequate Planning and Management

**There is a lack of planning and management activities by the government that could support ecotourism.**

These include:

- Low investment in marketing research necessary to develop tourism products, itineraries and destinations.

- Low investment by the government in tourism marketing. The dominant tourism brand for Cambodia is Angkor Wat but a separate brand for ecotourism also needs to be developed.
- Poor connectivity infrastructure like roads and bridges are insufficient in ecotourism areas like the Cardamom Mountains and need to be developed.

### 4 Inadequate Policy and Regulatory Frameworks for Ecotourism

**The National Ecotourism Policy (NEP) lacks detail and focus.** In 2018, RGC developed the NEP to encourage and support ecotourism operations, private sector involvement and priority sites. However, while the policy provides the vision, it lacks the detail for how to operationalize the implementation process. It also fails to focus on PAs, which are the most important areas for ecotourism operations.

**The laws that support the development of ecotourism conflict with each other causing confusion on how ecotourism should be implemented.** These laws include the *Protected Areas Law*, the *Land Law* and the *Law on Concessions*. There is a lack of clear guidance to the private sector on how to invest in ecotourism development in Cambodia, and insufficient communication from the RGC to the private sector. In addition, collaboration and knowledge sharing are weak across the various ecotourism stakeholders.

**These lead to an overall Weak Enabling Environment**

**Additionally, the environment for ecotourism is characterized by:**

- Weak communication and cooperation between government and private sector which frustrates marketing opportunities
- Relatively weak business environment and low competitiveness compared to countries in the region
- Inadequate leadership and coordination of ecotourism development.

## Key Strategic Actions to Enable Ecotourism in Cambodia

**Interventions are needed to improve the enabling environment for ecotourism in Cambodia.** And now the COVID-19 pandemic has highlighted the need for additional priority actions. In collaboration with the RGC, a set of recommendations to create

a more enabling environment for ecotourism have been identified. These are organized into five key interventions, starting with a set of recommendations for a response to COVID-19.

Recommendations	Actions	Now	Within 3 months	Within 15-18 months
<b>MITIGATE THE IMPACTS OF COVID-19 ON THE ECOTOURISM INDUSTRY</b>				
Develop and implement a specific communication strategy during the crisis period.	<ul style="list-style-type: none"> <li>Ministry of Tourism (MoT) and Ministry of Environment (MoE) to collaborate on leading and developing a unified communication strategy.</li> <li>Details to include clear information on travel bans, and to ensure government departments, PA officials, hotel staff and tourists are all aware of the current status.</li> <li>All updates to be immediately communicated.</li> </ul>	X		
Create clear rules around social distancing and group size.	<ul style="list-style-type: none"> <li>MoE and Ministry of Health (MoH) to collaborate on creating the rules around social distancing and group sizes.</li> <li>Cap the number of people at heritage sites and waterfalls to maintain appropriate social distance requirements.</li> <li>Limit or prohibit food buffets for the remainder of 2020.</li> </ul>	X		
Prioritize the development of nature-based, ecotourism or adventure-related destinations.	<ul style="list-style-type: none"> <li>In particular, promote the development of wellness, spirituality, meditation and other products. They will be in greater demand after the crisis and people will be seeking more meaning in their lives.</li> <li>This recommendation aligns with other recommendations to MoE to invest in the branding of ecotourism in Cambodia.</li> </ul>	X		
Support the creation of appropriate hygiene and sanitation protocols for tour operators and guides.	<ul style="list-style-type: none"> <li>MoE, MoT and MoH to collaborate on the creation of these measures.</li> <li>Include frequent disinfecting of equipment and temperature checks.</li> <li>Include standards for basic packages of health equipment, such as masks, thermometers, hand sanitizers.</li> <li>Create handwashing stations around heritage or popular tourism sites.</li> </ul>	X		
<b>STRENGTHEN REGULATORY FRAMEWORKS</b>				
Global best practice on developing ecotourism in PAs emphasizes strong regulation as a first order and necessary activity.				
Develop new policies to address ecotourism regulatory challenges.	Priority actions include: <ul style="list-style-type: none"> <li>Issue a Ministerial Prakas to provide clear operational guidelines for how to develop ecotourism investment projects (EIPs) in PAs. It should describe the processes for planning commercial ecotourism services, developing information leaflets and brochures, soliciting and evaluating proposals, and awarding new ecotourism EIP contracts.</li> <li>Create a step-by-step guide to communicate guidelines to private sector.</li> </ul>		X	

Recommendations	Actions	Now	Within 3 months	Within 15-18 months
Implement strategic actions for operationalizing the National EcoTourism Policy (NEP).	<ul style="list-style-type: none"> <li>Operationalizing the NEP, will help to ensure alignment between the proposed Prakas and the NEP.</li> <li>Priority is to revise the NEP to encourage diversification of ecotourism products including homestays, guiding, cooking demonstrations and tours.</li> </ul>	X		
Establish a revenue management system (RMS) to improve management of ecotourism revenues.	<ul style="list-style-type: none"> <li>A RMS needs to be established to improve the management of revenues associated with ecotourism. These revenues come from EIP fees, entry fees for PAs, parking fees, and other visitor services. A portion of the revenues from ecotourism should be reinvested in PAs to support the overall management of PAs, and the publicly owned ecotourism infrastructure there. An RMS should be developed with clear guidelines for implementation, and for how revenues are fed back into PA management activities.</li> <li>The RMS should build on existing legislation that guides how tourism fees.</li> <li>Close collaboration across ministries will be needed for this to be successful.</li> </ul>			X
<b>STRENGTHEN INSTITUTIONS AND PARTNERSHIPS</b>				
Strengthen partnerships and build capacity of MoE staff for more effective oversight and management of ecotourism in PAs.	<ul style="list-style-type: none"> <li>Two key institutions for strengthening are the Department of Ecotourism of Ministry of Environment (DET-MoE), and the inter-ministerial working group for ecotourism established under the NEP.</li> <li>Partnerships need to be fostered between communities, private ecotourism enterprises and the MoE and MoT for effective rollout of selected ecotourism private, community and joint venture models.</li> <li>Training and capacity development are needed to build specific ecotourism management skills for stakeholders and to promote the entrepreneurial and creative skills of local people and PA authorities.</li> <li>Training and capacity development are needed for DET-MoE to properly manage the ecotourism program.<sup>20</sup></li> </ul>		X	X
Strengthen facilitating and coordinating role of DET-MoE for Ecotourism Services.	<ul style="list-style-type: none"> <li>Build capacity of DET-MoE to better facilitate the EIP investing processes like masterplanning and environmental impact assessment, and coordinate services needed from other ministries like Ministry of Land Management Urban Planning and Construction for land zoning, demarcation, and registration to make the EIP process less burdensome to investors.</li> </ul>			X

<sup>20</sup> An assessment of the staffing needs for managing the overall ecotourism program should include a Program Manager, project development team members, finance team members, operations and planning team members, facility management team members, and legal advisor(s). It will be necessary for MoE to work with the Ministry of Labour and Vocational Training (MLVT) in the design and implementation of the institutional capacity building.

Recommendations	Actions	Now	Within 3 months	Within 15-18 months
<b>STRENGTHEN DESTINATION PLANNING, MANAGEMENT AND MARKETING</b>				
Invest in ecotourism destination planning and development.	<ul style="list-style-type: none"> <li>Identify three or four ecotourism destinations for priority development.<sup>21</sup></li> <li>Include a development vision for each selected destination and a visitor management system, considering issues like carrying capacity of the landscape, allowable activities, and standards of quality.</li> <li>Develop detailed implementation plans to facilitate CBET, private sector sustainable and qualitative investments, public private partnerships, infrastructure investment, environmental protection and governance to achieve this preferred development vision.</li> </ul>	X		X  X
MoE to take responsibility for ecotourism destination management.	<ul style="list-style-type: none"> <li>Give the MoE the ultimate responsibility on destination management and revenue management how ecotourism is developed and managed in the PAs. The process of the destination planning, and revenue management will help MoE put in place the measures needed to effectively manage the ecotourism destinations.</li> </ul> <p>Reorganize DET-MoE to:</p> <ul style="list-style-type: none"> <li>Be better equipped to manage ecotourism destinations</li> <li>Establish frequent communication with private sector.</li> </ul>	X	X	
Develop a Vision and Brand for Ecotourism in the Cardamom Mountains.	<ul style="list-style-type: none"> <li>A vision for ecotourism in the Cardamom mountains and developing a tourism brand for the Cardamoms needs to be developed.</li> <li>Ensure this vision and brand compliments the existing Angkor Wat brand.</li> <li>Market the new brand to consumers to support buy-in and uptake of the product.</li> </ul>		X	X
<b>ENABLE AND SUPPORT THE PRIVATE SECTOR</b>				
Build professional capacity of communities as ecotourism service providers.	<p>MoE to hold frequent and consistent informational meetings within CBET communities. This will improve knowledge and decision-making and, in turn, build private sector confidence.</p> <p>Develop a comprehensive program of capacity building for ecotourism services.</p> <ul style="list-style-type: none"> <li>Start with an assessment of available training and capacity development opportunities.</li> <li>Develop a recognized global accreditation tourism curriculum to make ecotourism employees more skilled, competitive, give higher income earning potential and create incentives to stay in the sector. Follow with a survey of the private sector working in ecotourism areas to determine the needed skills for the next generation of ecotourism employees.</li> </ul>	X	X	X

<sup>21</sup> MoE will need to work closely with the Council for Development of Cambodia (CDC) and MoT on the spatial planning of the destinations. Analysis by the World Bank to identify potential ecotourism destinations in Cambodia's Cardamom Mountains and Tonle Sap landscape identified Koh Kong province; Siem Reap province (Kulen-Tonle Sap); and Phnom Aural Protected Area as potential destinations for ecotourism development.

Recommendations	Actions	Now	Within 3 months	Within 15-18 months
Build capacity of communities to engage in-, and provide investments for ecotourism-related values chains.	<ul style="list-style-type: none"> <li>• Identify as part of the destination management planning complementary value chains and livelihoods that could be developed as part of the overall ecotourism destination package.</li> <li>• Develop specific investment plans for complementary value chains that identify needed goods and infrastructure.</li> <li>• Assess and build capacities of communities to engage in complementary value chains and livelihoods including for entering into partnerships with private sector.</li> <li>• Develop guidelines for community-private sector partnerships including contract templates, and benefit sharing arrangements.</li> </ul>			X
Invest in priority infrastructure for ecotourism development.	<p>Identify a set of no-regret investments for ecotourism development:</p> <ul style="list-style-type: none"> <li>• <b>Urgent:</b> Facilities or regulations that are critical to ensuring a positive experience in the PA with minimal or no risk to visitors or the natural environment.</li> <li>• <b>Moderate:</b> Investments that are essential facilities that contribute to minimize risk to humans and the natural environment.</li> <li>• <b>Necessary:</b> Site specific needs or investments already partially in place as a legacy of previous tourism activities</li> </ul> <p>MoE to prioritize investment in:</p> <ul style="list-style-type: none"> <li>• Hard infrastructure such as suitable access roads and boat docks, visitor or information centers, interpretive paths, signage, solid waste management facilities, toilet facilities.</li> <li>• Non-infrastructure investments such as management frameworks, to provide guidance on sustainable ecotourism development initiatives.</li> </ul>			X
Organize an ecotourism industry forum (EIF) <sup>22</sup> to ensure information sharing and feedback.	<ul style="list-style-type: none"> <li>• Combine the MoT's already existing annual tourism forum with an EIF by adding an extra half- or one day to focus on ecotourism.</li> <li>• The designated private sector liaison at DET-MoE can help to facilitate this cooperation.</li> </ul>			X

<sup>22</sup> An EIF allows the government to showcase investment opportunities available in PAs, to share information related to the laws, regulations, guidelines and procedures governing those opportunities. It also allows the private sector to advise government officials regarding investment needs.



4 Rivers Floating Lodge | Natasha Martin

# 1

## SETTING THE SCENE

### Background

**Status update** – Most of this document was written before the outbreak of COVID-19. Facts and figures relating to Ecotourism in Cambodia's Protected Areas (PAs) were pre-COVID. The new situation is addressed in its own section and the document now provides a guide to where ecotourism was, where it could be and, and offers solutions to support the recovery and the future of the industry.

**Cambodia is endowed with spectacular natural assets.** Ecotourists value unspoiled nature, interaction with local communities and the assurance that their holiday has no negative impact on the destination. Cambodia has the assets to match the demands of international and domestic ecotourism. The growth and support of this industry would stimulate economic development, create jobs, reduce poverty and protect the environment.



Ecotourism in Cambodia | Various Sources

### **What is Ecotourism?**

Ecotourism refers to travel to areas of pristine nature, usually protected, in order to appreciate the natural environment while causing minimal impact. Ecotourism offers multiple benefits:

- Allows visitors (domestic and international) to enjoy sites of ecological importance
- Promotes conservation
- Generates revenue for PAs
- Provides an alternative livelihood for local residents
- Stimulates national economic development through income generation and job creation.

For the purposes of this report ecotourism is recognized as a subset of tourism. The term is used to cover tourism activities related to nature-based tourism, such as birdwatching, fishing, camping in natural areas, hiking, kayaking, ziplining, and adventure tourism in natural areas.

### **Why Invest in Development of the Ecotourism Sector?**

There are good strategic reasons for investing in the development of sustainable ecotourism in Cambodia, some of which would also support the country's overall tourism sector.



### ***Diversifying Cambodia's tourism product will address a recent slowdown in tourism***

The diversification, intensification and linkage of different tourism products is crucial for the competitiveness and sustainable development of Cambodia as a tourism destination.

Angkor Wat is Cambodia's main tourism product and many visitors come to Cambodia for this. However, the number of visitors to Angkor Wat over the past three years have declined as have the numbers of tourist arrivals from South Korea. This impacts the overall number of visitors to Cambodia and the revenues that come from tourist spending (see **Section 3** of the report). As tourism contributes about 17 percent of Cambodia's gross domestic product (GDP), it is important to maintain the flow of international tourists to Cambodia.

Increasing the length of stay and the spending of tourists can be achieved in two ways.

1. Improve and expand ecotourism offerings (accommodation and activities) in Cambodia and combining with the development of multi-day itineraries to Angkor Wat with ecotourism activities in other parts of the country like the Cardamom Mountains or Monduliri.
2. Combine ecotourism activities in parts of the country like the Cardamom Mountains or Monduliri with multi-day itineraries to Angkor Wat.

### ***Developing the ecotourism industry can create jobs and build livelihoods in rural areas (especially important now due to the impacts of COVID-19)***

- Developing ecotourism in PAs would create opportunities for permanent job creation for rural communities as tour guides, hospitality staff, cooks, transport and other service-providers.
- The development of ecotourism infrastructure like roads, water systems, and trails would provide employment for rural communities through the need for construction laborers.

- The development of ecotourism would create new value chains in rural areas as demands for food and agricultural produce, transport services, souvenir and furniture manufacturers will increase.

The COVID-19 pandemic is causing significant job losses due to the closure of garment factories, slow-down of the construction sector, and migrant workers returning home. This emphasizes the need for the Royal Government of Cambodia (RGC) to stimulate job creation and employment. However, job-creation and related value chains will only happen if the development of ecotourism is well-managed. In addition, regulations need to be created to ensure that ecotourism development is inclusive and that there is adequate benefit sharing between private sector developers and local communities – more on this in **Section 8**.

### ***Developing ecotourism can produce the revenues needed to help manage Cambodia's extensive PA network and protect the important economic services provided by the forests in the PAs***

International examples, such as the Kruger National Park in South Africa (see **Box 6**), demonstrate how sources of finance from ecotourism can support the management of PAs.

Cambodia's PA network is generally underfunded but there is potential for Cambodia to adopt similar arrangements to support its PA network<sup>23</sup>. See **Box 2**. Ecotourism and Protected Areas (PAs).

However, for this to work successfully, Cambodia needs:

- a functioning revenue management system (RMS) with regulations with clear details on how funds should flow, monitoring, oversight and accounting systems;
- high-quality ecotourism products and experiences;
- robust marketing;
- the ability to maintain the quality of these areas for ongoing future use.

23 Reference – Specncely et al., 2017

***Marketing Cambodia as a place to visit with a unique biodiversity and nature-based experiences and remoteness will attract more tourists in a post-COVID world***

COVID-19 has changed the preferences of the tourism sector. Surveys of international travelers have found that “experiencing nature”, “beautiful scenery”, and “remoteness” are what most travelers in a post-COVID world are looking for. This provides an opportunity for Cambodia as Cambodian ecotourism can offer these.<sup>24</sup>

Cambodia is world-renowned for its high levels of-, and unique biodiversity within the Indo-Burma biodiversity hotspot region. This biodiversity is an asset around which ecotourism could be developed. Through strategic tourism marketing and communications and organizing ecotourism activities and experiences around biodiversity, RGC can attract a greater variety of nature-loving tourist to Cambodia.

However, compared to other regional tourism destinations, tourism marketing in Cambodia is low.<sup>25</sup> This needs to be improved and expanded through a robust marketing, branding and communication program and changes in how experiences are organized. See **Section 8** for more information.

***Destination planning will ensure a more sustainable management of Cambodia's important biodiversity asset and the development of ecotourism***

Too many projects can diminish the value of the ecotourism over time by putting pressure on the natural resources that attract the ecotourist in the first place. Therefore, it is crucial that the number of projects and the type of projects are well managed.

Cambodia's growth has been supported by its open market economy, and in tourism there has been steady growth of service providers and accommodation

services (see **Figure 10**). Already there are 43 private sector led ecotourism development projects in the Cardamom Mountains that are at various stages of development. Destination planning is needed to organize how ecotourism investment projects are undertaken, and regulations on allowable activities within the PAs need to be enforced.

**The Royal Government of Cambodia's (RGC's) Ecotourism Sector Development Agenda**

The RGC is exploring ecotourism as a driver to strengthen management of its rich natural capital and boost economic prosperity.<sup>26</sup> Globally, it is estimated that ecotourism is increasing every year by 20 percent.<sup>27</sup> In addition, Asia is becoming more affluent and there is a strong attraction towards 'green' travel and tourism.

The RGC wants to tap into this growing market by developing new experiences, attractions, and itineraries that build on natural assets. About 41 percent of Cambodia's landscape is under the PAs system, and the Ministry of Environment (MoE) as steward over PAs in Cambodia has included ecotourism as a core strategy for financing PAs in its National Protected Area Strategic Management Plan (NPASMP) 2017-2031.

With a captive tourism market focused on the Angkor temples, the MoE and Cambodia's Ministry of Tourism (MoT) are now developing management policies, regulatory frameworks, strategies, and guidelines to expand ecotourism. The two ministries developed a policy for ecotourism (approved in November 2018)<sup>28</sup> which outlines the RGC's plans to develop:

- Large- and small-scale ecotourism operations
- Priority ecotourism areas
- Private sector participation in ecotourism.

<sup>24</sup> Information is based on surveys conducted by Adventure Travel and Trade Association (ATTA) in March 2020 (ATTA. 2020), Oliver Whyman in February 2020 (Penhirin, Jacques and Katie Sham. 2020), and Pacific Asian Travel Association (PATA) in March 2020 (PATA. 2020).

<sup>25</sup> WEF. 2019

<sup>26</sup> Walter, Pierre, and Vicheth Sen. 2018

<sup>27</sup> For more information on this statistic, please see the United Nations World Tourism Organization's website: <https://www.unwto.org/unwto-tourism-dashboard>

<sup>28</sup> For more information about the new policy for ecotourism see the Phnom Penh Post's 2018 article: <https://www.phnompenhpost.com/business/ecotourism-policy-draft-approved>

For this ecotourism development to happen, the RGC needs to:

**1** *Develop an enabling environment for private sector activity in the sector*

Private sector engagement in ecotourism in Cambodia is still in its infancy and inconsistent in its approach. The absence of clear regulations and inadequate definitions and guidelines on ecotourism, combined with a lack of standardized agreements has led to a varying quality of private enterprises. This creates disincentives by attracting short-sighted entrepreneurs and creating perverse incentives. These can potentially lead to degradation of the environmental services that the area provides. Plus, institutional capacity development related to identifying, prioritizing, and managing ecotourism development is needed at all administrative levels.

**2** *Support upskilling and quality control of community-based ecotourism (CBET) operations*

Examples from CBETs supported by nongovernmental organizations (NGOs) show how these could be successful. They offer a high-quality set of ecotourism products and experiences, and some strategic interventions in communities on planning, upskilling, business and hospitality capacity development, and mentoring. These examples include Stung Areng and Chambok (See **Case Study 1. Stung Areng - A successful CBET site** and **Case Study 2. Chambok - A successful CBET site**). However, investments are needed to truly optimize Cambodia's CBET potential.

**3** *Increase Cambodia's global ecotourism presence and competitiveness by improving its current offerings and developing new tourism products*

There is a lack of business and entrepreneurial skills in ecotourism products and services. This limits the quality and range of 'nature-based' offerings.

**4** *Address several barriers that limit growth of this sector*

There are a range of barriers that limit the growth of the ecotourism sector. This include; inadequate governance, poor connectivity and related rural infrastructure, and unclear contracting arrangements for ecotourism development projects. Limited access to infrastructure and connectivity is an urgent issue to address. Investments are needed in infrastructure that improves access, such as rehabilitating roads to improve the connectivity between ecotourism corridors and circuits and their links with selected ecotourism hubs. Related rural infrastructure (for example, water, sewerage, power and the Internet) needs to be upgraded. In addition, site specific infrastructure is also needed, such as signage, trails, waste collection, facilities, shelters, jetties, and water, sanitation, and hygiene (WASH).

To make ecotourism a success, Cambodia must create an enabling environment, particularly for private sector investment. The regulatory framework must be clarified and the processes for making EIPs streamlined. Priority investments such as constructing much needed infrastructure and investing in the training and capacity building of employees would greatly strengthen Cambodia's position.

**The Cambodia Sustainable Landscape and Ecotourism Project (CSLE) and this Report**

Building on the momentum of the RGC's efforts to develop Cambodia's ecotourism sector, this analytical and advisory work on ecotourism development in PAs in Cambodia aims to bring evidence from international and national experiences to inform RGC's thinking about how to develop ecotourism in PAs in Cambodia. These include:

- The types of policies needed to support ecotourism
- The public investments needed to develop ecotourism

- The most strategic areas for these policies and investments
- The strategies to increase private sector participation in ecotourism in protected areas.

This advisory report provides clear guidance to the RGC on specific activities that should be undertaken for ecotourism development under the CSLE Project.<sup>29</sup>

Finance from the CSLE project will enable the RGC to:

- improve the enabling environment for private sector investment in ecotourism with new policies and clear guidelines for ecotourism development in protected areas
- develop the Cardamom Mountains as an ecotourism destination

- provide support to the private sector for destination marketing and branding,
- develop new ecotourism products, and
- invest in connectivity to ecotourism sites within the Cardamoms
- integrate the protection of forest resources into ecotourism development as forests are the key asset for ecotourism. Strengthening PA management and promoting inclusive growth of rural communities are the entry point for this.

The analytical work on ecotourism will also be expanded to Cambodia's coastal areas with funding from the ProBLUE trust fund, and will inform a regional approach for ecotourism development with funding from the ProGREEN trust fund.

<sup>29</sup> For more information about this project, see: <https://projects.worldbank.org/en/projects-operations/project-detail/P165344?lang=en>

## BOX 1. PRIVATE SECTOR IN ECOTOURISM

Governments and PA Authorities are under increasing pressure to preserve the beauty and biodiversity of their beaches, parks, and pristine natural sites, while also growing tourism activity. Is it possible to do both?

Creating EIPs is one solution. The private sector can be an important partner in helping PA authorities achieve their twin goals of conservation and attracting visitors. However, delivering successful EIPs is challenging and depends on the right mix of characteristics, technical expertise, and institutional experience.

Across Africa, there are examples of the benefits of private sector participation in running ecotourism joint venture lodges. The private sector brings in expertise and investment required for operations and they have better market access to generate

financial sustainability. In Namibia, joint venture lodges in Etendeka, and the Palmwag conservancy resulted in the expansion of the ecotourism lodge, a six-fold increase in local staff hiring and seven-fold increase in revenue. The increase in concession fees has provided the finance needed to allow the park authorities to reinvest the money back into conservation.

In Cambodia there are a number of NGOs and development partners who have already been partnering with registered businesses to support ecotourism development. It is recommended that these stakeholders are the first to be included in discussions on how best to develop a sustainable ecotourism industry in Cambodia.

**Sumit Baral**

## BOX 2. ECOTOURISM AND PROTECTED AREAS (PAS)

PAs often contain the plants, wildlife and natural scenery that underpin ecotourism. Healthy plants and wildlife, and beautiful landscapes and nature in PAs are assets that create high value for ecotourism that help generate about US\$600 billion in annual revenues from ecotourism in PAs.<sup>30</sup> In turn, the revenues generated from ecotourism are often used for the management of PAs. They also help to finance the work of PA authorities including patrolling and monitoring services provided by rangers and communities, and conservation activities.

Partnerships between conservation and ecotourism contribute to changes in attitudes around the issues of biodiversity conservation and environmentally responsible business practices.<sup>31</sup> Visitor experiences can be transformative for an individual's personal growth and well-being, while instilling an increased sense of stewardship and support for PA values.<sup>32</sup> It is well accepted that the management of ecotourism development in PAs is critical for its sustainability; the table in **Annex 1** summarizes the key opportunities and challenges of developing ecotourism in PAs.

A large proportion of Cambodia's natural landscape and rich biodiversity is contained within PAs, which makes them important for ecotourism. About 7.4 million hectares of land (41 percent of Cambodia) is under the PA system and is managed by MoE. 49 PAs exist across the country and include national parks, wildlife sanctuaries, protected landscapes, multiple-use areas, Ramsar sites, biosphere reserves, natural heritage sites and marine parks.<sup>33</sup> Ecotourism activities in Cambodia are focused in PAs and several ecotourism operations (discussed in **Section 4**) are located in PAs.

Despite the importance of PAs for ecotourism, revenues from ecotourism do not efficiently flow back to PA management. This limits the ability of Cambodian PA authorities to manage the assets on which ecotourism depends. MoE's NPASMP (2017-2031) recognizes ecotourism in PAs as a key strategy for supporting conservation and management in PAs. However, the MoE has not yet put in the place the revenue management system (RMS) needed to ensure ecotourism revenues flow back into PA management.

The RMS will need to be part of an overall improvement in the management of ecotourism development in PAs which would include changes to the regulatory framework for tourism, benefit sharing mechanisms, and increase in compliance monitoring of ecotourism operators in PAs. The country's Environment and Social Fund (ESF) is intended to be a key conduit of revenues to support PAs and will need to be aligned with the RMS as the current configuration of the system is not clear on how finance flows through the Fund.<sup>33</sup>

There are good local and international examples that MoE can look to for guidance on how to improve the way ecotourism revenues flow back to PA conservation and management. These include: Cardamom Tented Camp in Trapeang Rung, Kbal Chay, and Chipat and Areng in Koh Kong. International best practice examples are covered in IUCN guidelines on 'tourism partnerships and concessions for protected areas'<sup>35</sup> and 'Tourism and visitor management in protected areas'.<sup>36</sup>

<sup>30</sup> Balmer et al. 2015

<sup>31</sup> Bushell and Bricker. 2016

<sup>32</sup> Leung et al. 2018:31

<sup>33</sup> MoE. 2017

<sup>34</sup> ESF was established by Sub-Decree 238 in November 2016. At present, the ESF is not actively utilized (Rohan. 2019).

<sup>35</sup> Spencley et al. 2017

<sup>36</sup> Leung et al. 2018



The Cardamom Mountains is home to some of the most pristine rainforest in Cambodia | Wildlife Alliance

### SPOTLIGHT 1. SOWING THE SEEDS OF ECOTOURISM IN THE CARDAMOM MOUNTAINS

The Cardamom Mountains is one of the last great wilderness regions of mainland Southeast Asia, blanketing much of Southwest Cambodia in rainforest. An area of outstanding natural beauty and astonishing biodiversity, it offers significant potential for the development of sustainable ecotourism for adventurous and environmentally conscious travelers who want to venture off-the-beaten track.

The Cardamom Mountains region stretches across five provinces, including Battambang, Pursat, Koh Kong, Kompong Speu and Kompong Chhnang. The region encompasses the largest protected area (PA) in Cambodia, collectively known as the Cardamom Rainforest Landscape, which includes Southern Cardamom Mountains NP (410,392 hectares), Central Cardamom Mountains NP (401,313 hectares), Phnom Samkos Wildlife Sanctuary (333,750 hectares), Phnom Aural Wildlife Sanctuary (253,750 hectares), Cardamom Conservation Corridor (169,469 hectares) and Tatai Wildlife Sanctuary (144,275 hectares), adding up to a total of 1,712,949 hectares of protected landscape. An impressive 62 percent of the Cardamom Mountains is designated as PAs, with around 70 percent remaining forest cover, making

it the largest area of virgin forest remaining in Cambodia today.

The region is home to the highest mountain in Cambodia, Phnom Aural, at 1,813 meters, and some of the most dramatic waterfalls in the country, including the popular Tatai Waterfall and the impressive multi-level Stung Phong Roul Waterfall near Sre Ambel. It is an area of rich potential for activity-based ecotourism, including wildlife watching, jungle trekking, mountain biking, dirt biking, kayaking, boat trips and more. With coordinated support and further investment, it is also possible to envisage treehouses, canopy walkways, ziplines, via ferrata and other nature-based activities. These activities are popular in the neighboring countries of Thailand and Laos and this allow Cambodia to compete more effectively.

The Cardamom Mountains offer the possibility to connect upcountry ecotourism adventures with coastal ecotourism experiences on the beaches, islands and PAs of the South Coast through the international gateways of Koh Kong, Sihanoukville and Phnom Penh. National Highway 48 cuts across the region from Sre Ambel to Koh Kong,



The Cardamom Mountains provide a home to pileated gibbons | Allan Michaud, CTC

offering access to community-based ecotourism (CBET) projects deep in the Cardamom Mountains to the north and to up and coming beach and island destinations to the south, including the Koh Sdach archipelago.

Koh Kong has long been an established gateway to the Cardamom Mountains as it offers a range of local adventure tour operators in the town and some small independent ecolodges located on the Tatai River about 20 kilometers east of town. Local operators offer trekking, cycling, motorbiking and other multi-day adventures in the Cardamoms. Elsewhere across the region, there are a handful of CBET sites supported by NGOs such as Chi Phat, Stung Areng and Osoam. These offer homestays or basic community-run guesthouses, as well as independent camps and lodges offering a more sophisticated base. Other regional gateways include Pursat to the north, Pailin to the northwest and Kompong Speu to the east.

When it comes to wildlife, the Cardamom Mountains are home to a remarkable diversity of fauna, including critical populations of more than 50 International Union for the Conservation of Nature (IUCN) red-listed threatened species

such as Asian elephant, Asiatic black bear, sun bear, pileated gibbon, dhole, clouded leopard and fishing cat. While some of this wildlife is difficult to spot for the average visitor, the establishment of key lodges throughout the region are helping to habituate some animals to the presence of non-threatening humans in their environment. The Wildlife Alliance-operated Wildlife Release Station (WRS) near Chi Phat was one of the first operators to offer close encounters with wildlife in the forest canopy and more recently newer private sector ventures such as Cardamom Tented Camp and Shinta Mani Wild are also offering the chance for guests to encounter some native animals in their natural environment, be it as part of wildlife releases, ranger patrols or night safaris.

The Cardamom Mountains has the potential to appeal to travelers of all nationalities and budgets thanks to the diversity of destinations, experiences and accommodation on offer. Young Cambodians have been venturing into the Cardamoms to experience a traditional rural lifestyle in the villages and help grass-roots organizations protect the forest. These tourists are generally self-sufficient, and comfortable camping out in tents or sleeping in local homestays.



4 Rivers Floating Lodge | Natasha Martin

Backpackers or independent travelers are looking for a similarly authentic community-based eco-adventure and have helped make Chi Phat one of the most popular destinations in the Cardamoms. As well as homestays, activities on offer include trekking, mountain biking, birdwatching and wildlife spotting. However, Chi Phat also offers a cautionary tale in over-development with about 30 accommodation providers in one small village. For this reason, some travelers are venturing further afield to Stung Areng or Osoam which are less developed and more traditional.

Mid-range visitors now have the option of several established ecolodges, including the excellent Cardamom Tented Camp, as well as the long-running lodges at Tatai, including 4 Rivers Floating Lodge, Koh Andet Eco Resort and Rainbow Lodge, all of which have proven themselves to be popular with Cambodian families looking for an alternative escape from the city. The success of these providers suggests there is a mid-range market to explore some more remote areas of the Cardamoms providing there is comfortable accommodation available. The luxury end of the

market is relatively untested at this stage, with only Shinta Mani Wild operating on the edge of the Cardamom Mountains and at a relatively early stage of operations to judge its success.

The Cardamom Mountains region is already attracting a small but growing number of adventurous international travelers and an increasing number of Cambodian domestic tourists wanting to experience something different from the usual homeland jaunt or coastal escape. To date, the development has been organic and driven by conservation NGOs, community development and some private sector investment. However, there has not yet been a coordinated attempt to brand and market the region as the ecotourism hotspot in Cambodia. Once the message is effectively communicated that the Cardamom Mountains are open for ecotourism business and the region is effectively promoted to a national and international audience, the number of visitors will grow exponentially, boosting local incomes, tourism revenues, and protected area budgets.





Wildlife in the Cardamom Mountains includes Guar, Sun Bear and exotic birdlife | Allan Michaud, CTC

Mist-clad mountains, dense jungle, thundering waterfalls, winding rivers, hidden wildlife, rare birds and welcoming hosts, the nature of the Cardamom Mountains is there for all to see. But now is the time to nurture this destination. The branding and promotion of the Cardamom

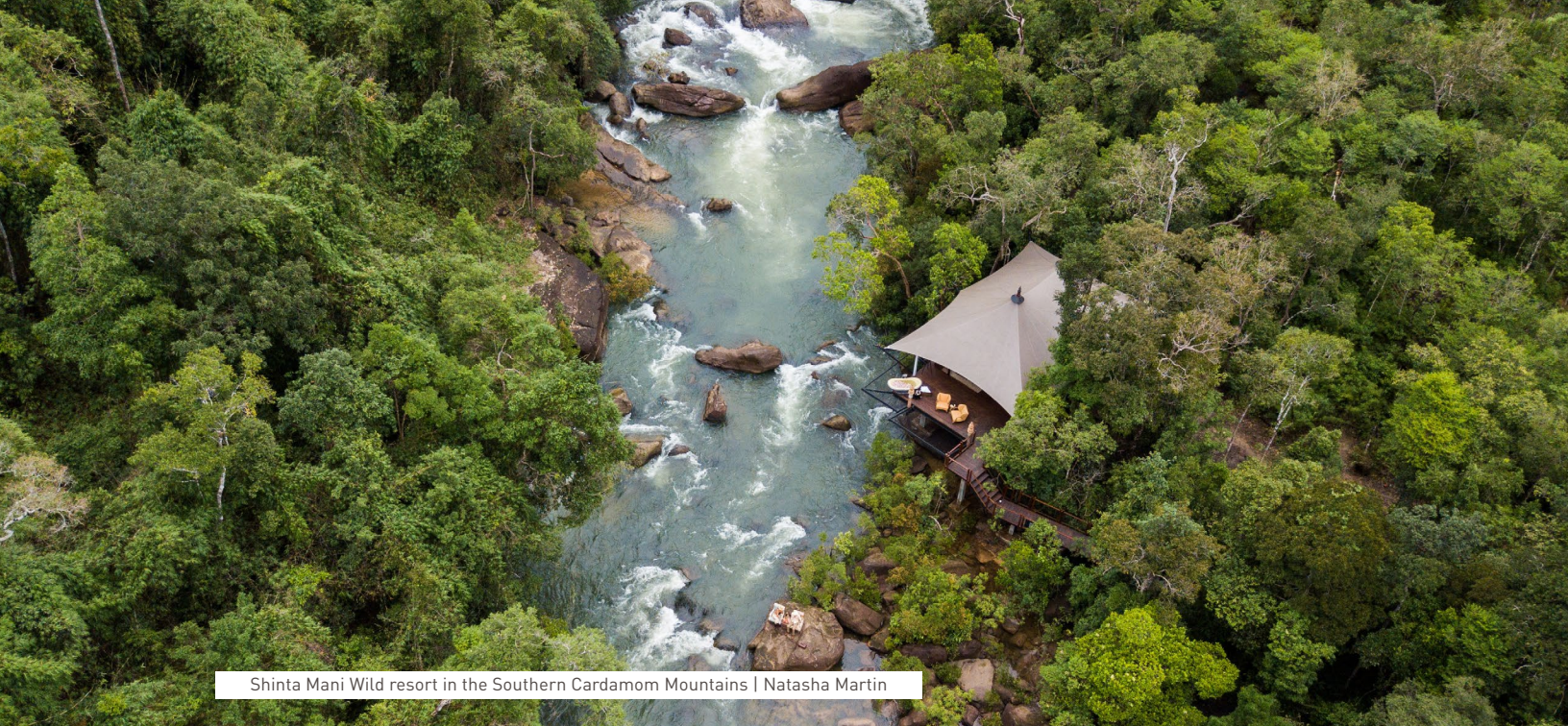
Mountains on a national and international stage, in tandem with the active participation of the private sector, will elevate ecotourism to the next level and help establish it as one of the key pillars in Cambodia's tourist economy.

Nick Ray, April 2020

### ..... now there is COVID-19

The impact of COVID-19 on the tourism industry in Cambodia has been significant. The epidemic has escalated rapidly from a health emergency to a full-blown economic crisis. Since the beginning of the outbreak, several local and international surveys have been conducted. These can help us understand the impacts of COVID-19 on Cambodia's tourism sector.

There have also been some studies of recovery scenarios post-COVID-19 which can help guide the actions needed to recover Cambodia's tourism sector. This report includes a section that discusses the impact of COVID-19 on Cambodia's tourism sector. In addition, the report provides recommendations to the RGC to help the recovery of the tourism sector post COVID-19. See the **Recommendations** section and **Table 7** and **Table 8**.



Shinta Mani Wild resort in the Southern Cardamom Mountains | Natasha Martin

## 2

# ECOTOURISM AND THE NATIONAL ECONOMY

**Tourism is a vehicle for economic development and job creation.** It provides a source of foreign investment and tax revenue, creates alternatives to traditional export-led sources of growth, and addresses poverty reduction directly.<sup>37</sup> The Royal Government of Cambodia (RGC) sees tourism as an important strategy to promote national economic development and enhance global political, cultural, and economic integration. To achieve these objectives, the government aims to expand the tourism sector in an environmentally and socially sustainable manner. This includes the promotion of ecotourism initiatives.

The data provided in this section and **Section 3** were sourced from the Ministry of Tourism's (MoT's) annual statistical reports.<sup>38</sup> However, these MoT reports do not provide specific data on ecotourism, except for data on tourist visits to ecotourism and coastal sites (also considered to be ecotourism areas).<sup>39</sup> Due to this gap in data, this section and **Section 3** uses the trends in overall tourism to build an understanding for opportunities for ecotourism development.

The Ministry of Environment (MoE) of Cambodia has also collected data relevant for ecotourism from community-based ecotourism (CBET) groups in 2017 and 2018. However, but data collection has not been systematic and regular, and the means of verification of the data are challenging as several CBET sites are not rigorous in issuing and managing receipts.

<sup>37</sup> WB. 2017

<sup>38</sup> MoT. 2009-2020

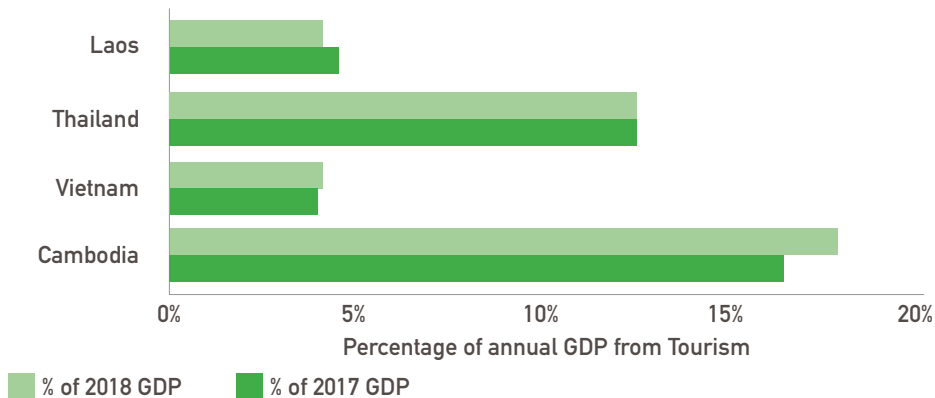
<sup>39</sup> Specific combined data on ecotourism and coastal sites were only reported from 2015 onwards.

## Contribution to Gross Domestic Product (GDP) and Jobs

The direct and indirect contribution of tourism to Cambodia's GDP is substantial. In comparison with its regional neighbors, the contribution of tourism to GDP is much higher. This includes Thailand which has a comparatively better-developed ecotourism sector. See **Figure 3**.

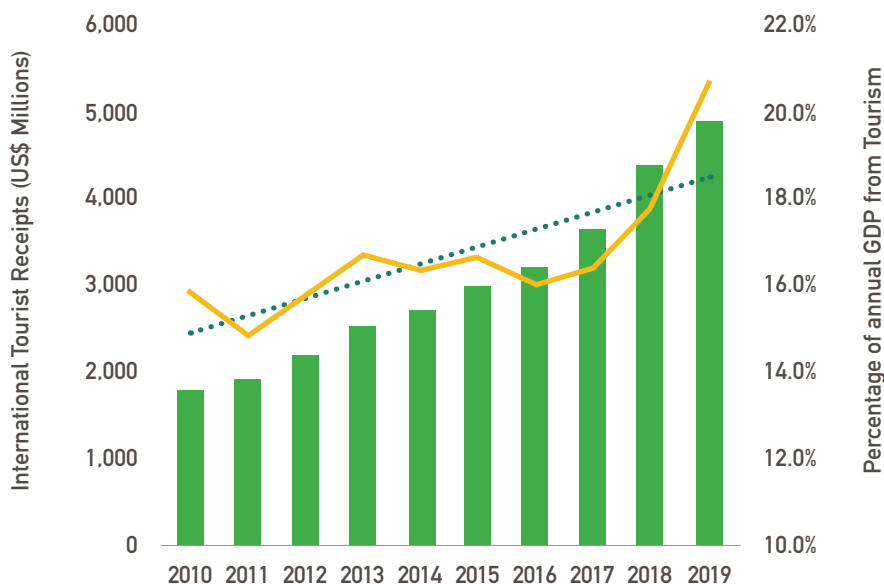
Between 2010 and 2019, tourism's contribution to GDP showed an overall upward trend and international tourist receipts accounted for an average of 17 percent of Cambodia's annual GDP.<sup>40</sup> See **Figure 4**. In 2019, international tourist receipts<sup>41</sup> accounted for about US\$4.9 Billion<sup>42</sup>, in 2017 tourism accounted for 25 percent of Cambodia's total exports, and in 2018 accounted for 83 percent of Cambodia's commercial services exports.<sup>43,44</sup>

**FIGURE 3. CONTRIBUTION FROM TOURISM TO GDP IN CAMBODIA IS HIGHER THAN ITS REGIONAL NEIGHBORS**



Sources: MoT, 2018; World Bank Statistics<sup>45</sup>; UNWTO Statistics<sup>46</sup>

**FIGURE 4. INCREASING INTERNATIONAL TOURIST RECEIPTS TO CAMBODIA PROVIDE A SIGNIFICANT CONTRIBUTION TO ANNUAL GDP**



Sources: MoT 2018, World Bank Statistics<sup>47</sup>

<sup>40</sup> MoT, 2018

<sup>41</sup> Tourism receipts are the earnings by a destination country from inbound tourism and cover all tourism receipts resulting from expenditure made by visitors from abroad, on for instance lodging, food and drinks, fuel, transport in the country, entertainment, and shopping (UNWTO).

<sup>42</sup> See: <https://www.unwto.org/unwto-tourism-dashboard>

<sup>43</sup> World Integrated Trade Solution (WITS). <https://wits.worldbank.org/>

<sup>44</sup> World Trade Organization [https://www.wto.org/english/res\\_e/statis\\_e/daily\\_update\\_e/trade\\_profiles/KH\\_e.pdf](https://www.wto.org/english/res_e/statis_e/daily_update_e/trade_profiles/KH_e.pdf)

<sup>45</sup> See: <https://data.worldbank.org/>

<sup>46</sup> See: <https://www.unwto.org/unwto-tourism-dashboard>

<sup>47</sup> See: <https://data.worldbank.org/>

Although Cambodia continues to attract a growing number of international tourists, average daily spending across all overnight international markets has declined. This negatively impacts tourist receipts and the contribution of tourism to GDP.<sup>48</sup> Average daily spending declined to an average of US\$98.5 a day in 2018, down from US\$120.70 per day in 2013. Industry experts suggest that a reason for this sharp decline may be due to the rise in overland Vietnamese tourists coming to Cambodia by bus from Ho Chi Minh City and the Mekong Delta on ultra-budget packages, and the increase in zero-dollar tourism.<sup>49</sup> See **Table 2**. Additional reasons for include:

- Limited success in tourism destination and product diversification leading to a decline in spending by Group Inclusive Tours (GIT)
- Decline in the share of international arrivals by air after the global financial crisis in 2016
- Decrease in the share of GITs, who spend more on average 21 percent more than free independent travelers (FITs).<sup>50</sup>

The World Travel and Tourism Council (WTTC) estimated that tourism contributed directly and indirectly to

2.7 million Cambodian jobs in 2017.<sup>51</sup> The World Economic Forum (WEF) put forward a more modest yet still significant figure for 2018 of more than 1.3 million direct and indirect jobs.<sup>52</sup>

## Contribution to Local Economies

Ecotourism has long been considered a core element of enterprise-based conservation strategies in Cambodia. Since the mid-1990s, ecotourism has been promoted by global donors and international institutions as a strategy to secure biodiversity conservation in line with the 1992 Convention on Biological Diversity (CBD). At the same time, ecotourism was used as a strategy for local community economic development. Ecotourism development goals are usually associated with:

- Conservation of pristine or distinct environments, including Protected Areas (PAs)
- Financing conservation through externalization of management cost
- Provision of alternative livelihoods to local residents
- Stimulation of the national economic development.<sup>53</sup>

**TABLE 2. AVERAGE DAILY TOURIST SPENDING IN CAMBODIA IN 2018 HAS DECLINED BY ABOUT 18 PERCENT COMPARED TO 2013**

	2013		2014		2015		2016		2017		2018	
	FIT	GIT	FIT	GIT	FIT	GIT	FIT	GIT	FIT	GIT	FIT	GIT
<b>Market Share</b>												
%	41.5	58.5	41.5	58.5	23.2	76.8	82.6	15.1	84.3	15.7	79.6	20.4
<b>Average expenditure per tourist (in US\$)</b>												
Accommodation	148.57	N/A	127.5	N/A	129	N/A	125	N/A	125	N/A	126	N/A
Food and Beverage	84.42	N/A	119.43	N/A	123.5	N/A	120	N/A	125	N/A	126	N/A
Local transport	80.04	N/A	65	N/A	64.5	N/A	73	N/A	74.5	N/A	75.5	N/A
Package tours		983.46	N/A	345	N/A	355	N/A	342.5	N/A	368		375
Shopping	94.35	180.11	90	120	88.7	118	85	115.4	82	112	84	115
Others	79.03	101.07	80	100	79.5	101	75.5	95.5	72.5	97.5	75	98.5
Total	486.4	1,264.6	481.9	565	485.2	574	478.5	553.4	480	577.5	486.5	588.5
<b>Average daily spending</b>	<b>120.8</b>		<b>93.5</b>		<b>95.1</b>		<b>92.5</b>		<b>95.5</b>		<b>98.5</b>	

Source: MoT. 2013-2018

Note: FIT: Free Independent Travelers; GIT: Group Inclusive Travelers; N/A: Not Applicable

<sup>48</sup> World Bank. 2017

<sup>49</sup> Zero-dollar tourism refers to packaged tours which are much less expensive than independent travel with one catch - tourists are taken on many shopping trips and are often required to buy overpriced products. Tour guides and drivers get a kickback from these shopping excursions, offsetting the loss on the tour's initial cost. Source: <https://theaseanpost.com/article/made-china-zero-dollar-tourists>.

<sup>50</sup> World Bank. 2017; MoT. 2019

<sup>51</sup> WTTC. 2019

<sup>52</sup> WEF. 2019

<sup>53</sup> Baromey. 2019

It is universally acknowledged that the natural assets in these areas need to be protected. At the same time, national economic development and the livelihoods of dependent communities need to be addressed urgently. Hence, ecotourism or CBET interventions are both ideal and convenient.

Ecotourists tend to visit ecologically significant sites, that is sites with iconic natural resources such as elephants, giant ibis, or sites that are nationally highlighted as having important species or ecological systems. This is particularly true for CBET sites that are close to Phnom Penh capital (within a day trip timeframe) and with basic preparation and services. See **Case Study 1. Stung Areng - A successful CBET site.**

Records of ecotourism revenues have not been available to the public or not been properly documented by the tourism sector in Cambodia. Data on the number of visitors to private ecotourism sites and associated revenues are inaccessible. However, there are some data on revenues recorded by the management committees of community-based organizations or nongovernmental organizations (NGOs) managing or supporting the CBETs and reported to the MoE. See **Table 3.** The data in **Table 3** shows a wide range of daily tourist spend across the list of 18 CBETs, from US\$5 to US\$110. There is also a wide variation in the annual income across the CBETs from US\$176 to US\$300,000. These data highlight the importance and potential of ecotourism to be a key economic activity for local communities.

**TABLE 3. AVERAGE DAILY TOURIST SPEND AND ANNUAL INCOME FROM ECOTOURISM FOR 18 CBET OPERATIONS**

CBET Name	Estimated Average Daily Tourist Spend (US\$)	Income 2017 (US\$)	Income 2018 (US\$)
Chipat	23	158,380	163,400
Chambok	13	53,950	12,690
Chrok La Emg Waterfall	10	54,280	26,000
Peam Krasob	15	61,070	87,970
Beoung Ka Chhang	15	2,350	473
Anlong Svay	5	15,000	25,000
Dong Phlet	63	10,261	3,600
Phnom Chreav	25	750	5,286
Reaksmey Phum Pi Kiri Beoung Kra Nhak	13	1,250	3,875
Areng	40	35,360	11,958
Koh Sralau	10	7,000	25,000
Samros Tek Tleak Chay	40	800	N/A
Preak Thnot	N/A	7,727	20,345
Tmatboey	39	27,000	14,190
Tmor Rong	N/A	3,075	7,257
Prek Toal	110	130,240	113,190
Mondol Yorn	33	290	176
Kampong Phlok	30	N/A	300,000

Source: MoE. 2017-2018

Notes: N/A: Information not available; 2017 and 2018 incomes were reported by community management committees and may be under- or over-reported; Estimated daily tourist spend was estimated by the authors based on site specific information

Income from ecotourism is particularly important for rural villages where households earn on average US\$430 per year.<sup>54</sup> The community of Kampong Phlok in Siem Reap province is a good example. In 2018, Kampong Phlok had an estimated annual income of about US\$302,000, of which US\$300,000 came from ecotourism.

Data on tourist spend at CBETs and annual incomes also demonstrate the differing levels of quality across CBETs. For example, the quality of ecotourism services provided at the Chipat CBET is significantly better than other CBETs. This is due to the high and long-term investment by Wildlife Alliance<sup>55</sup> in the development of ecotourism products, quality, skills and capacity of the community, and linking to international markets. This has enabled Chipat to command a higher price for ecotourism services. See **Case Study 1** and **Case Study 2** which help illustrate the importance of ecotourism to the economies of local communities.

### Contribution to Local Supply Chains

Tourism providing economic benefits to the wider community beyond direct employment is a desired outcome yet to be achieved in Cambodia. Despite

the significant contribution that tourism makes to Cambodia's economy, local communities often struggle to benefit directly or indirectly from tourism dollars.<sup>56</sup> Benefit-sharing mechanisms that allow local communities to benefit and the local economy to be stimulated are needed, and agreements between tourism operations for agricultural produce, food and transport services need to be negotiated. In addition, the capacity of local communities to be able to provide high-quality and reputable services needs to be increased. In the case of Chipat, Wildlife Alliance played the role of broker in terms of setting up agreements, as well as providing sustained capacity development to local communities.

This type of approach could be replicated with the support of the provincial governments helping to broker deals and ensure benefit sharing. However, official guidelines from the RGC are needed detailing how this is done. In addition, national government needs to support these arrangements. The guidelines and overall strategy for improving the flow of tourism benefits to the wider community should be informed by a systematic assessment to provide evidence of the economic impact of ecotourism in PAs that benefit local communities and stimulate local economies.<sup>57</sup>

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<sup>54</sup> MoP. 2017

<sup>55</sup> For more information on the Wildlife Alliance, see: <https://www.wildlifealliance.org/>

<sup>56</sup> Carter et al 2015. Sustainable tourism and its use as a development strategy in Cambodia: a systematic literature review. *Journal of Sustainable Tourism*, 2015 Vol. 23, No. 5, 797-818, <http://dx.doi.org/10.1080/09669582.2014.978787>

<sup>57</sup> Such an assessment is being undertaken by the World Bank in selected tourism destinations around the world to assess the economic impact of PAs for regional economies that benefit other economic sectors (tourism, forestry, trade, infrastructure, etc.) and communities, and will provide methodology for doing this in Cambodia.

## CASE STUDY 1. STUNG ARENG - A SUCCESSFUL CBET SITE

Stung Areng CBET site is located in Koh Kong Province, at the base of the Cardamom Mountains (see **SPOTLIGHT 1. Sowing the Seeds of Ecotourism in the Cardamom Mountains**). Its model is a community private partnership - one of the recommended ecotourism models in **Table 9**. The area is covered in dense and diverse primary forest and home to a variety of wildlife, river life and birdlife.

In 2016, with the support of Wildlife Alliance and all levels of government, eight villages came together to begin offering CBET activities to guests. Twenty-two families offer homestays in Stung Areng. A variety of activities are available for guests who stay at the CBET site, including trekking, kayaking and cycling. Local guides (many of whom were previously hunters or poachers) take guests on hikes, including overnight camping hikes.

Ecotourism has had a big impact on these communities. First, it has created sustainable employment for local people. Second, it has helped to protect the forest and its endangered species (Siamese crocodiles, elephants, dragon fish, and more, are found in this region).

When asked about the impact of the project on his village, Tith Ly, the chief of the Stung Areng Ecotourism project said:

“For the community I think the biggest impact is jobs. We have 149 service members in the project.



Homestay accommodation at Stung Areng | Natasha Martin

That means 149 people have work as homestay hosts, forest cooks, motodop drivers (moto taxi), forest guides, or in management. About 45 percent of these people are women. Before, many people in the community were using natural resources in damaging ways such as hunting or logging. Now, they have another way to earn income for their families.”

80 percent of the income from the ecotourism goes directly to the 149-person team working with guests. The remaining 20 percent is allocated to a community fund that supports sustainable growth of tourism in Stung Areng.

**Natasha Martin**

## CASE STUDY 2. CHAMBOK - A SUCCESSFUL CBET SITE

Chambok CBET site is located near Kirirom National Park in Kompong Speu province. It is mix between a community enterprise and a community conservation partnership model of ecotourism (See [Table 9](#)). The site's proximity to Phnom Penh makes it a popular destination for weekend or even day trips from the capital. The highlight of Chambok is a 40-meter high waterfall as well as scenic nature trails. The site also features important services for tourists such as guides, accommodation and food options.

Chambok was developed in 2001 by Mlup Baitong<sup>58</sup>, a local environmental organization in cooperation with the MoE. Ecotourism offers a sustainable livelihood to local residents and decreases deforestation previously caused by the production of charcoal. Revenues from the site stay in the community to help with the long-term protection of the forest.

Chambok CBET project is recognized internationally for excellence in community engagement and development. In 2013, Chambok won a "To Do! Award", from the Institute of Tourism and Development (ITB) based in Germany. The award is granted annually to tourism projects which support the participation of local people in decision making. In 2017, Chambok was nominated for "The National Geographic World Legacy Award 2017" by National Geographic Partners in collaboration with ITB Berlin, Germany.

At the national level, the MoE and the MoT have recognized Chambok for being a model for best practices in CBET including its strong contribution to environmental conservation, decentralized natural resource governance, and promotion of non-extractive livelihoods. In 2018, the MoT awarded a "Community-Based Tourism Model Award" to seven CBET sites including Chambok Community-based Ecotourism.

**Neth Baromey**

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<sup>58</sup> For more information about Mlup Baitong, see: <http://mlup-baitong.org/>





Shinta Mani Wild resort in the Southern Cardamom Mountains | Natasha Martin

# 3

## ECOTOURISM VISITORS AND SOURCE MARKETS

### International Tourist Arrivals

**Since 2013, there has been a steady increase in tourism in Cambodia.** In 2019, Cambodia received 6.6 million international tourists, and recorded over 11 million domestic tourists in 2018.<sup>59</sup> See **Figure 5**. The majority of tourists visiting Cambodia come for holiday. The Ministry of Tourism (MoT) now has plans to boost annual international tourism numbers to 10 million by 2025.<sup>60</sup> A 2017 report by the World Bank on tourism in Cambodia provides a good analysis of source market performance and international arrivals.<sup>61</sup> This report will highlight key trends and issues that are relevant for ecotourism.

**The numbers of tourists visiting coastal areas and ecotourism sites in Cambodia is growing, doubling between 2014 and 2019, and accounting for 16 percent of all tourist visits in 2019.**<sup>62</sup> The Angkor Complex is Cambodia's iconic destination and remains the main tourist attraction in Cambodia. However, growing numbers of visitors to ecotourism areas suggest potential for growth in this tourism segment. Data on visitor numbers from MoT in **Figure 6** and **Figure 7** show that growth in the number of tourists to coastal areas and ecotourism sites in Cambodia has been accelerating over the past five years with very high growth recorded between 2018 and 2019.

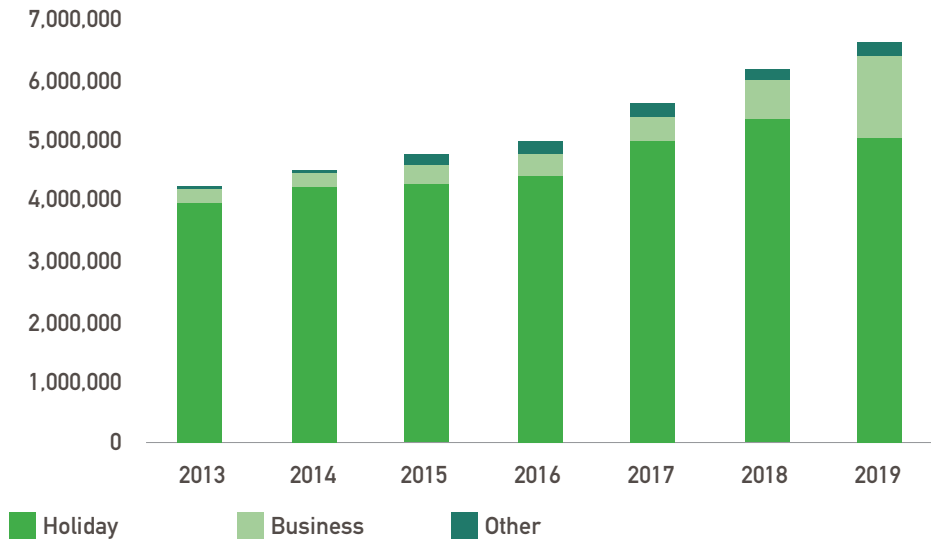
<sup>59</sup> MoT. 2020

<sup>60</sup> For more information on MoT plans to boost tourism, see this 2018 article by The Asean Post: <https://theaseanpost.com/article/cambodias-ambitious-tourism-plans>

<sup>61</sup> World Bank. 2017

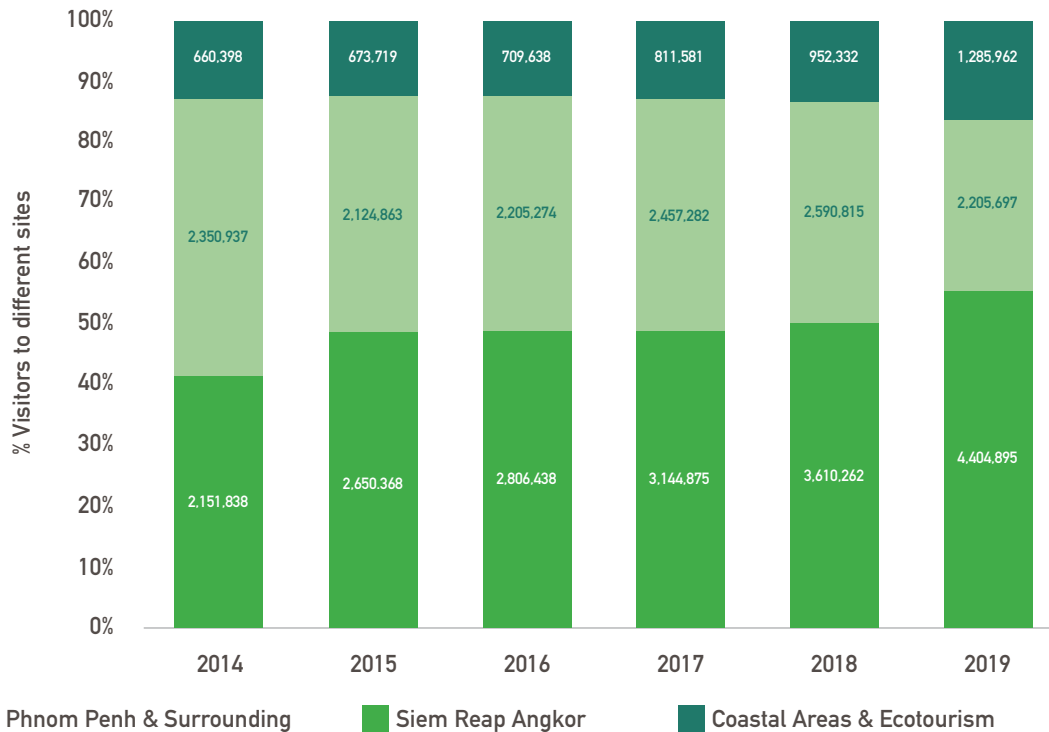
<sup>62</sup> Coastal areas are included in data on ecotourism by MoT, and some coastal areas like Sihanoukville have significant visitors for business and casinos. This means that ecotourism data likely captures visitors for non-ecotourism activities.

**FIGURE 5. INTERNATIONAL TOURIST ARRIVALS BY PURPOSE OF VISIT FROM 2013 TO 2018**



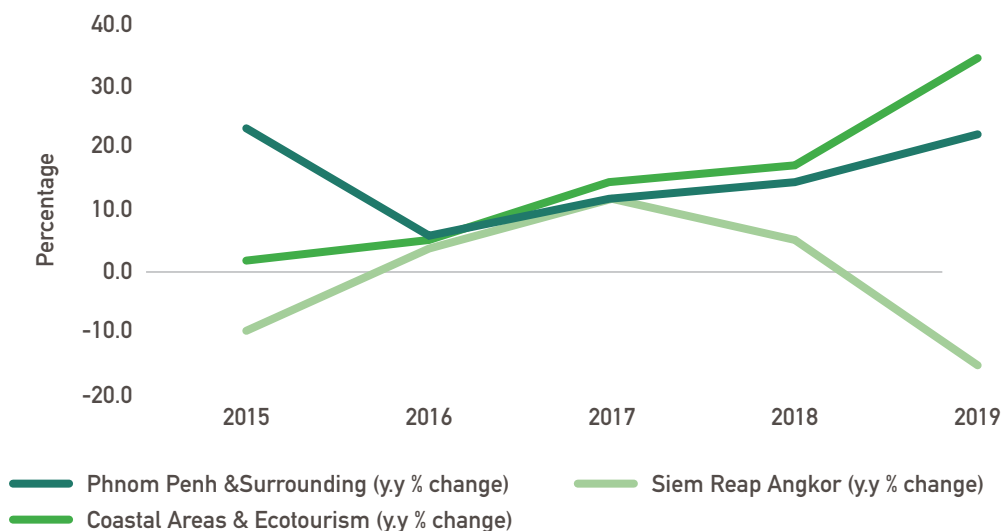
Source: MoT. 2013-2019

**FIGURE 6. VISITOR NUMBERS TO COASTAL AREAS AND ECOTOURISM SITES HAVE BEEN INCREASING STEADILY OVER THE PAST FIVE YEARS**



Source: MoT. 2014-2020

**FIGURE 7. GROWTH IN INTERNATIONAL TOURIST ARRIVALS TO PHNOM PENH AND SURROUNDING AREAS, AND COASTAL AREAS AND ECOTOURISM SITES IS ACCELERATING WHILE GROWTH IN ARRIVALS TO SIEM REAP ANGKOR SITES IS DECELERATING**



Source: MoT, 2015-2020

Although the number of visitors to Angkor Wat has increased over the past five years, overall the rate of growth is decelerating. In 2019, tourist arrivals to Siem Reap dropped by about 20 percent compared to 2018, and compared to 2018, international tourism arrivals at Siem Reap International Airport fell by 14 percent. This was accompanied by a slowdown in Angkor ticket sales, down 13.1 percent compared to 2018.<sup>63</sup>

Tourism industry experts have suggested several reasons to explain the deceleration. First, fewer Chinese tourists are visiting Siem Reap as more going to Sihanoukville's coastal areas. Second, higher competition from neighboring countries, especially Vietnam, is drawing Chinese and South Korean tourists away from Siem Reap.<sup>64</sup>

As stated before, the trends suggest there is growing international and domestic interest in ecotourism offerings from Cambodia. However, the Angkor complex is still a major draw for international tourists. One response to this could be to diversify tourism offerings and create new multi-day tourist itineraries that combine Angkor cultural offerings with ecotourism offerings.

### Source Markets for Tourism in Cambodia

China is the largest international source market for international tourists visiting Cambodia (35.7 percent), followed by Vietnam (13.7 percent), Lao PDR (5.5 percent) and Thailand (7.1 percent) in 2019. See Figure 8.<sup>65</sup> The number of Chinese tourists has risen dramatically in the last three years with arrivals. From 2017 to 2019, the number increased by 95 percent.

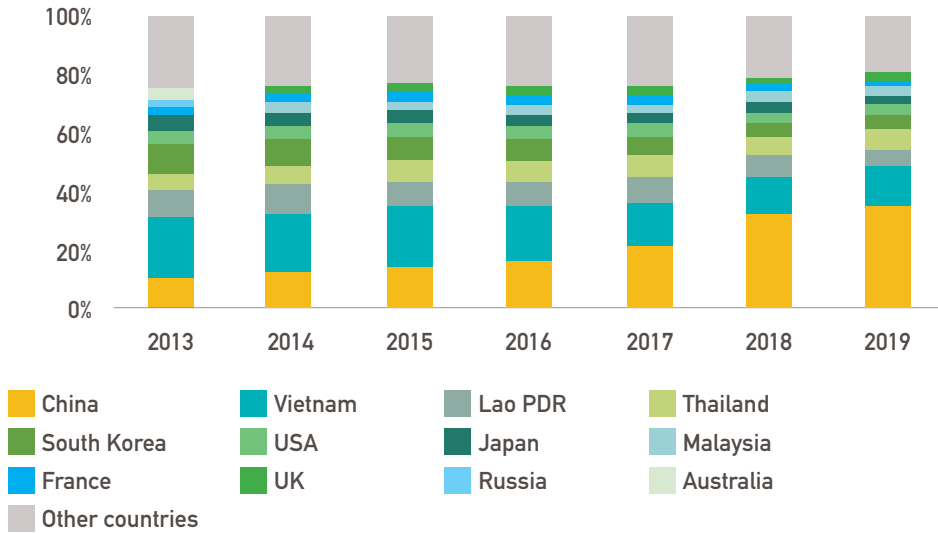
<sup>63</sup> Data from Department of Tourism (DoT) Siem Reap Statistics presented at the CBRE conference in October 2019 "Siem Reap Market Overview: What does the Future Hold?". See: <https://www.dfdl.com/resources/upcoming-events/what-does-the-future-hold-for-siem-reap-31-october-2019-phnom-penh/>. The comparison of data between 2018 and 2019 is for the January to September of each year.

<sup>64</sup> For more information about the decline of tourists at Angkor, see the Bangkok Post's 2019 article: <https://www.bangkokpost.com/business/1763394/tourist-decline-continues-at-angkor>

<sup>65</sup> MoT, 2013-2018

China is the LARGEST international source market for tourists – and the number is rising every year.

**FIGURE 8. TOP 10 INTERNATIONAL TOURISM SOURCE MARKETS BY YEAR FOR 2013 TO 2019**



Source: MoT. 2013-2020

The increase is due to a concerted effort by the Royal Government of Cambodia (RGC) to promote Chinese tourism to Cambodia under the ‘China Ready’ strategy as part of its tourism policy. The strategy aims to have two million Chinese tourists visit Cambodia every year. It promotes Chinese signage and documents for visa processing, encourages local use of the Chinese Yuan currency, promotes the use of Chinese language, hires Chinese speakers, and prepares tourism materials in Chinese. In addition, sites can be accredited by the government as being *China-Ready* by ensuring that food and accommodation facilities are suited to Chinese tastes.<sup>66</sup>

Other important source markets include the Republic of Korea, USA, Japan, France, and the UK.

There is a significant domestic market that provides an opportunity for developing tailored ecotourism

products. See **Figure 9**. Tourism statistics from 2018 show four important tourist segments for Cambodia:

1. Domestic Tourists
2. Chinese tourists
3. Association of Southeast Asian Nations (ASEAN) tourists
4. North American and European Tourists (traditional source markets).

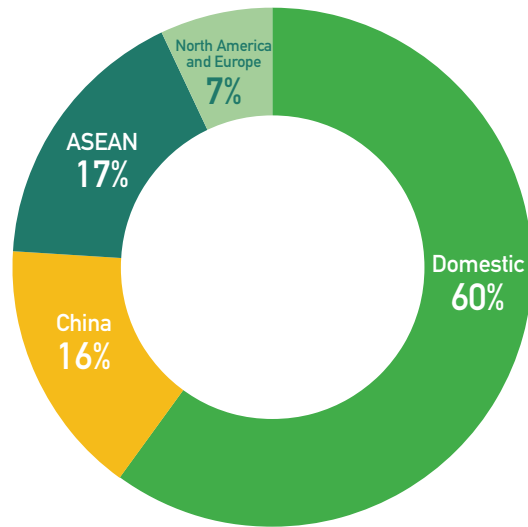
### Chinese Tourists

The main draw to Cambodia for Chinese tourists is Angkor Wat and the gaming industry. However, recent research by Bannikin Travel and Tourism, found that in 2018, 16.3 percent of outbound Chinese tourists were classified as ‘adventure tourists’.<sup>67</sup> Adventure tourists are defined as travelers who enjoy a mix of physical activity, natural immersion and cultural interaction during their holidays.

<sup>66</sup> World Bank. 2017; See Phnom Penh Post’s 2017 article: <https://www.phnompenhpost.com/business/government-pushes-china-ready-policy-tourism-sector>

<sup>67</sup> Bannikin Travel and Tourism. 2019

**FIGURE 9. 2018 TOURISTS FROM ALL SOURCE MARKETS INCLUDING DOMESTIC VISITORS**



Source: MoT, 2019

Emerging trends among international Chinese tourists are that free and independent travel is on the rise. Whereas, a decade ago group travel was more characteristic of Chinese tourists. In 2018, about 65 percent of Chinese travelers expressed a preference for independent travel.<sup>68</sup> Cutting-edge technology, exotic foods, adventurous activities and accommodation with an authentic local flavor are characteristic of the demands of the new generation of Chinese travelers. For more information on new generation Chinese travelers, see **Annex 4. Characteristics of Independent Outbound Chinese Tourists.**

In 2018, travel by international Chinese tourists to ecotourism areas increased by 5 percent. Analysis of motivations of Chinese tourists to travel to ecotourism sites include time spent in nature, experiences of backpacking and camping, and photography for social media. However, activities that require technical skills, such as rafting, or mountain biking, are likely to be less popular among Chinese tourists.

#### **Association of Southeast Asian Nations (ASEAN) Tourists**

The growth of low-cost carriers and an open-skies agreement has made intra-ASEAN travel more accessible. Close proximity, simpler visa processes and similar cultures mean that these travelers are often attracted to the other countries in the region including Cambodia.<sup>69</sup>

Analysis of the ASEAN tourists found that safety and security is the biggest issue. They are also greatly influenced by social media and online influencers.

There is a significant high-value market in ASEAN countries that would visit ecotourism sites and should be tapped into through a trade marketing strategy.

#### **North American and European Tourists**

Traditional source markets refer to tourists from Europe and North America. Analysis of this tourist segment identified the preferences of different tourists

<sup>68</sup> [Hotels.com](https://www.hotels.com), 2018

<sup>69</sup> For more information on projected tourist numbers, see Global Data's 2019 press release at: <https://www.globaldata.com/tourist-arrivals-to-asean-will-reach-155-4-million-by-2022-says-globaldata/>

from these regions. Lower-budget backpackers from traditional source markets have more time and are likely to go further afield to ecotourism sites. Mid-range travelers are often limited in their vacation time, and tend to visit Cambodia, and specifically Siem Reap, as part of a broader Indochina itinerary. Finally, high-value tourists come to Cambodia through travel agencies, such as Abercrombie & Kent, and tend to visit five-star properties. See **Case Study 3** on Shinta Mani Wild.

This segment will visit ecotourism sites if there is suitable accommodation to meet their needs, and they will spend up to 12 days in Cambodia. These tourists are usually motivated by unique and transformative experiences, and pristine nature and cultural sites.

### Domestic Tourists

Domestic tourism is a significant tourist segment for Cambodia. However, there is insufficient market research on Cambodian tourists travelling around Cambodia.

Tourism industry experts note that ecotourism sites like waterfalls, rivers, and beaches are popular places for families to gather on weekends and holidays. This suggests that the main motivation for Cambodians

to visit ecotourism sites is to get out of the city and spend time with families.

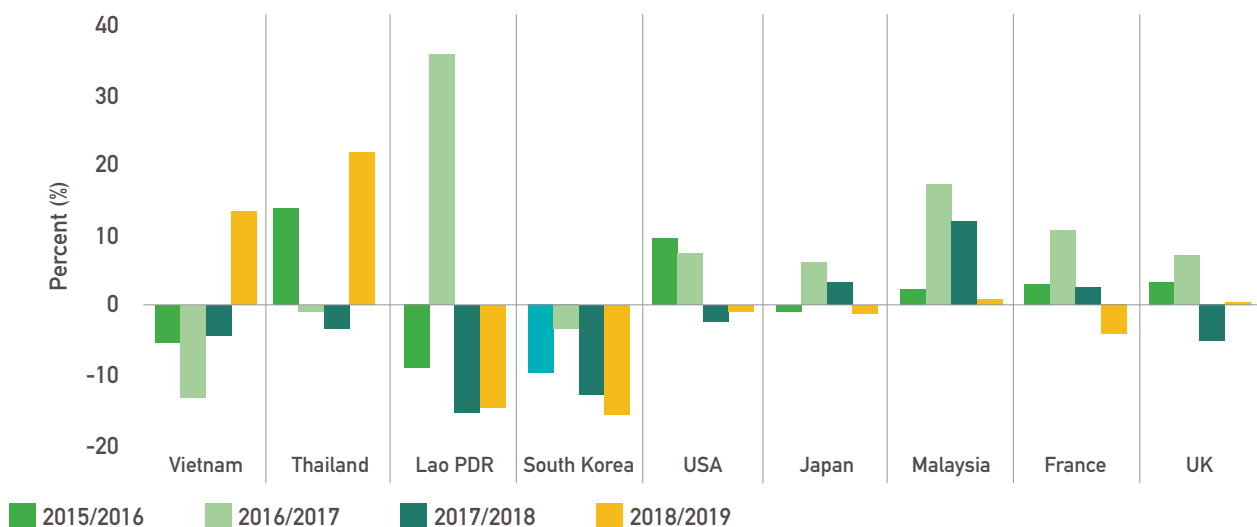
Additional information on the above tourist segments is available in the **Annexes**.

## Decline in Non-Chinese Tourist Markets in Cambodia Emphasize Urgency for Tourist Product Diversification

While the total number of international tourists have increased between 2016 and 2019, tourist arrivals from major source markets<sup>70</sup> (not including China) have decreased on average by about 1.6 per cent between 2016 and 2019. Markets like South Korea show consistent declines in tourist arrivals, and there are also reductions in visitor numbers from USA, UK and France. See **Figure 10**. This suggests a slowdown in overall international tourism to Cambodia.

While it is unclear why the non-Chinese tourist market is in decline, it may be that Cambodia's main draw card – Angkor Wat – is losing its appeal. Either way, it makes sense to urgently develop a more diverse range of tourist products to attract larger numbers of tourists. One strong opportunity is to develop and boost ecotourism as a way of attracting more international tourists.

**FIGURE 10. ANNUAL CHANGES IN ARRIVALS FROM KEY SOURCE MARKETS TO CAMBODIA ILLUSTRATE A DECLINING TREND IN ARRIVALS**



Source: MoT, 2015-2019

<sup>70</sup> These include: Vietnam, Thailand, Lao PDR, South Korea, USA, Japan, Malaysia, France, and UK.

## CASE STUDY 3. SHINTA MANI WILD - A PRIVATE SECTOR CONSERVATION MODEL

Shinta Mani Wild is located in the Southern Cardamom Mountains. The resort combines adventure tourism activities such as hiking and kayaking with a conservation ethos, partnering with Wildlife Alliance to protect the forest. About 70 percent of the 120 staff members are from the local community, offering an alternative to logging.

In the Cambodian context, two characteristics of the Shinta Mani Wild model stand out. First, its price and associated luxury. As of March 2020, the price was US\$2,300 per night, with a minimum three nights stay. The level of luxury was previously unseen in Cambodia, and barely available elsewhere in Asia. This has attracted a different segment of tourists that was previously not coming to Cambodia.

The second is their commitment to conservation through their partnership with Wildlife Alliance. Relationships between conservation organizations and accommodations are common in Africa, but less so in Asia. At Shinta Mani Wild, a percentage of revenue goes to fund the Wildlife Alliance rangers who ensure the forest is protected from illegal logging, poaching and encroachment. In exchange for these funds, the rangers ensure the forest surrounding the hotel is protected and guests can also go on walks with rangers, an authentic experience that shows the effort required to protect the forest.

Located deep in the Cardamom Mountains, Shinta Mani Wild is a luxury 5-star accommodation

experience in a safari-style tented camp. The hotel made up of fifteen luxury tented camps along a small river.

Shinta Mani is a Cambodian-owned hotel group which has two other properties in its portfolio; (a) Shinta Mani Shack, and (b) Shinta Mani Angkor. These two properties are in Siem Reap. The Shinta Mani Wild property was designed by world-famous architect, Bill Bensley. Its design is whimsical, playful and opulent.

The Shinta Mani Wild property is located on an 865-acre plot on a wildlife corridor between the Bokor and Kirirom National Parks. The site is approximately three hours from Phnom Penh. It is an eco-lodge, which has made considerable efforts to lower its environmental impact through waste management, water management, and solar power, and made commitments to the local community and conservation efforts. The property hires and trains local people and supports Wildlife Alliance.

Thanks to a public relations campaign valued at over US\$1 million, Shinta Mani Wild was recognized with numerous accolades, including being named one of 'Times 100 Greatest Places to Visit 2019'.

Shinta Mani Wild proves that tourism can be an important tool for conservation, and that when tourism players team up with conservation players, the relationship can be mutually beneficial.



Aerial view of one tent at Shinta Mani Wild | Natasha Martin



The lap pool at Shinta Mani Wild | Natasha Martin

Natasha Martin



Shinta Mani Wild resort in the Southern Cardamom Mountains | Natasha Martin

## 4 PRIVATE SECTOR ACTORS

### Trends

**Private sector tourism operators are already present in Cambodia providing a range of different offerings and experiences.** See **Table 4**. There are 146 ecotourism operations in Cambodia. These consist of 87 community-based ecotourism (CBET) operations and 59 private ecotourism operations.<sup>71</sup> Detailed data on ecotourism operations in Cambodia are limited. However, overall trends on the performance of private ecotourism operations can be drawn from analysis of the overall tourism sector in Cambodia – and this is on the rise.

**Between 2006 and 2019, the number of hotel accommodations tripled reaching 1,050 hotels and 49,185 rooms in 2019.** See **Figure 11**. The number of guesthouses and their capacity experienced even higher growth. In 2006, there were 742 houses with 9,166 rooms available. By 2019, the number of guesthouses and rooms had increased by approximately 300 percent to 2,170 houses with 35,343 rooms available. See **Figure 11**. In addition, the number of registered travel agents serving the tourism sector almost doubled. However, the growth of accommodations such as hotels and guest houses and travel agencies has eased in line with the overall tourism sector development for similar reasons described in **Section 3**.<sup>72</sup>

<sup>71</sup> Baromey, Neth. 2020 [Draft]

<sup>72</sup> World Bank. 2017



**TABLE 4. DEFINITIONS OF PRIVATE SECTOR TOURISM OPERATORS**

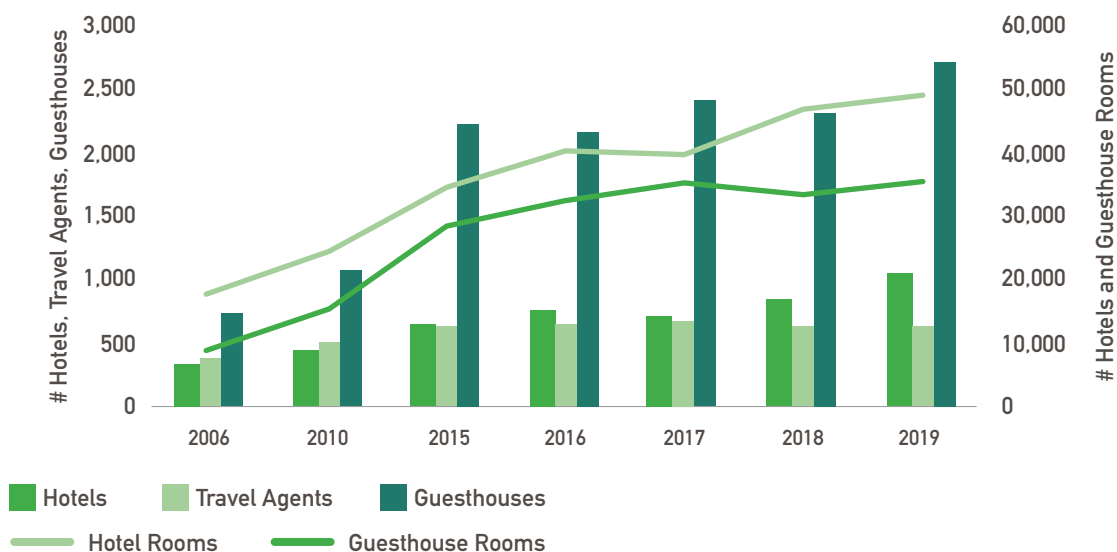
Private Sector Actor	Description	Operators in Cambodia
Accommodation Provider	<p>Accommodation providers provide lodging to tourists. Including: hotels, guesthouses, homestays, lodges, camping sites.</p> <p>Tourists may book accommodation direct with the property or through an agent or operator.</p>	<ul style="list-style-type: none"> <li>• Shinta Mani Wild</li> <li>• Cardamom Tented Camp</li> <li>• Song Saa Resort</li> <li>• Véranda Hôtel</li> <li>• Pomelo homestay</li> <li>• Le Tonle</li> </ul>
Transport provider	<p>Transport providers provide transportation services to tourists, these include but are not limited to; airlines, buses, rental cars, and tuk tuks.</p> <p>Tourists may book transportation directly with a transport company or through an operator.</p>	
Activity outfitter	<p>On-site experiences are delivered by activity outfitters, for example: hiking tours, rafting, archeological tours.</p> <p>Outfitters provide the equipment and people (guides) necessary to provide an activity. An independent guide offering a tour would be considered an activity outfitter.</p> <p>In the past, tourists mostly booked activities through an intermediary, be it a travel agent office or tour operator. But with the proliferation of online travel agencies such as Expedia or Airbnb Experiences, tourists can book activities directly with the provider.</p>	<ul style="list-style-type: none"> <li>• Sorya kayaking</li> <li>• Phnom Penh food tour</li> <li>• Cycle tours</li> <li>• Urban forage</li> </ul>
Inbound tour operator (often referred to as 'DMCs' - Destination Management Companies)	<p>An inbound tour operator coordinates the tour packages within their own country. They create packages typically comprised of a variety of activities offered by different outfitters, accommodation providers and transport providers.</p> <p>However, they may also provide all those services themselves in a type of 'all-inclusive' package. The inbound operator can sell a package to the outbound operator.</p>	<ul style="list-style-type: none"> <li>• All dreams Cambodia</li> <li>• Exo travel</li> <li>• Khiri travel</li> <li>• ABOUTAsia</li> </ul>
Outbound tour operator	<p>An outbound tour operator sells packages to tourists going out of their country. They purchase a complete package from the inbound operator.</p> <p>The inbound operator acts as a 'one-stop-shop' for the outbound operator. The outbound operator then sells directly to tourists.</p>	<p>Abercrombie and Kent World expeditions Intrepid G-adventures Hauser Terres D'aventure</p>

Ecotourism will require managing the growth of the sector in order to avoid negative impacts on protected area (PA) resources and avoid an unsustainable growth. Too many guesthouses or lodges will attract too many people and cause overcrowding. This, in turn, will place too much pressure on the PA in terms of negatively impacting wildlife habitats and significantly diminish the nature experience. Managing visitor

numbers needs to be part of an overall destination planning exercise that considers the carrying capacity of the PA<sup>73</sup>. The carrying capacity should be based on biophysical conditions and the desired tourist experience, the number of guesthouses and lodges that can be accommodated, behavior of travelers, travel methods, and the number of visitors that can be accommodated in the PA.

<sup>73</sup> "In the context of tourism, the term 'carrying capacity' refers to the maximum number of people that may visit a tourist destination (here, a protected area) at the same time, without causing (i) destruction of the physical, economic and sociocultural environment, and (ii) an unacceptable decrease in the quality of visitors' satisfaction." Leung et al. 2018:35

**FIGURE 11. HOTELS, GUESTHOUSES, AND TRAVEL AGENTS HAVE INCREASED SIGNIFICANTLY BETWEEN 2006 AND 2019**



Source: MoT, 2006-2020

## Performance of Ecotourism Private Sector

Private ecotourism enterprises in Cambodia have been repeatedly reported in local and some international news and media to have enhanced Cambodia’s attractiveness and competitive advantages in the tourism sector and increase the number of visitors and investors to Cambodia.<sup>74</sup> This has contributed to diversification of Cambodian tourism products from concentrating on cultural and archeological heritage destinations as well as to enrich authentic and unique local and natural experiences. The Ministry of Tourism (MoT) recently awarded ‘*Model Tourism Resort Awards*’ to 26 ecotourism and non-ecotourism resorts in Cambodia based on three distinguished criteria:

1. Best resort management
2. Good environmental consideration
3. Extensive information dissemination, well safety performance, and high tourist satisfaction.<sup>75</sup>

The Cardamom Tented Camps provide an example of one of Cambodia’s model ecotourism operations.

<sup>74</sup> Baromey, Neth. 2020 [Draft]

<sup>75</sup> These criteria were announced on the MoT Facebook Page on 28 November 2018. It highlighted the key achievements of the Workshop on 2nd Model Tourism and Ecotourism Resort Competition and the 1st CBT/CBET Competition presided over by Minister of Tourism.

<sup>76</sup> Consultations with tourism private sector operators took place in 2019 and early 2020 in Cambodia as part of World Bank technical assistance to the RGC on developing ecotourism.

<sup>77</sup> Ehst et al. 2018

## Challenges

Despite the growth of tourism and ecotourism and the strong contribution made by the private sector, there are several issues which challenge continued growth. Consultations with tourism industry experts and private sector operators revealed a range of challenges faced by the private sector in developing and operating ecotourism enterprises in Cambodia.<sup>76</sup> Many of these challenges are not unique to the tourism sector and are experienced broadly by the private sector in Cambodia. For example, analysis of entrepreneurial development in Cambodia revealed the following challenges related to entrepreneurship and private sector:

- Cambodia lacks a clear and coordinated strategy for entrepreneurship development
- Cambodia’s overall poor business environment limits entrepreneurial opportunity.<sup>77</sup>

## CASE STUDY 4. CARDAMOM TENTED CAMP - A PRIVATE SECTOR CONSERVATION MODEL



Aerial View of Cardamom Tented Camp | Natasha Martin

Cardamom Tented Camp is unequivocal about the impact of a stay in their hotel. The hotel has a 18,000-hectare ecotourism investment project (EIP) in the Cardamom Mountains. It is a private enterprise model of ecotourism (see [Table 9](#)). The conservation objective is to ensure the forest is free of illegal loggers, poachers and sand dredging operations. Its tagline is ‘Your Stay Keeps the Forest Standing,’ and it is funded by Minor Group and Yaana Ventures (the parent company of Khiri Travel).

The Camp consists of nine tented camps in Botum Sakor National Park. The cost (as of March 2020) is US\$350 per night. The camp has a partnership with Wildlife Alliance, whereby a percentage of its revenues support Wildlife Alliance’s conservation

efforts. Additional profits are reinvested locally. In exchange, Wildlife Alliance rangers patrol the forest and guests at the hotel are able to go on patrols with them, go on ranger-guided hikes, and learn to track animals and set up camera traps as part of the activity offering.

A unique element of this accommodation is the involvement of Yaana Ventures, which also owns Khiri Travel, a tour operator. Through their own tours, Khiri provides 20 percent of guests to the lodge, reducing the marketing burden on the accommodation.

This model shows the benefit of partnering with a tour operator who can help ensure a certain amount of occupancy over the year.

**Natasha Martin**

### Lack of Government Marketing Support and Expertise

There were concerns expressed about a lack of sufficient marketing support and expertise from the Royal Government of Cambodia (RGC). First, there is limited comprehensive market segmentation information available to allow the private sector to develop effective marketing strategies. Second, there is a lack of clear communication around the marketing plans of the MoT and this frustrates the ability of the private sector and government to cooperate.

A simple example includes communication about global trade fairs, such as the World Travel Market. Usually, the private sector will have a table within the booth of their destination. However, it is common for MoT to only inform operators about MoT’s participation a few weeks before the event. Such short notice makes it impossible for the private sector to plan ahead, and to collaborate with the government in this respect.

In addition, government capacity to design and implement effective marketing campaigns is low.<sup>78</sup> Coordinated marketing efforts would improve

Cambodia’s image at global trade fairs and attract positive media attention noted as an importance influence on many tourist segments.

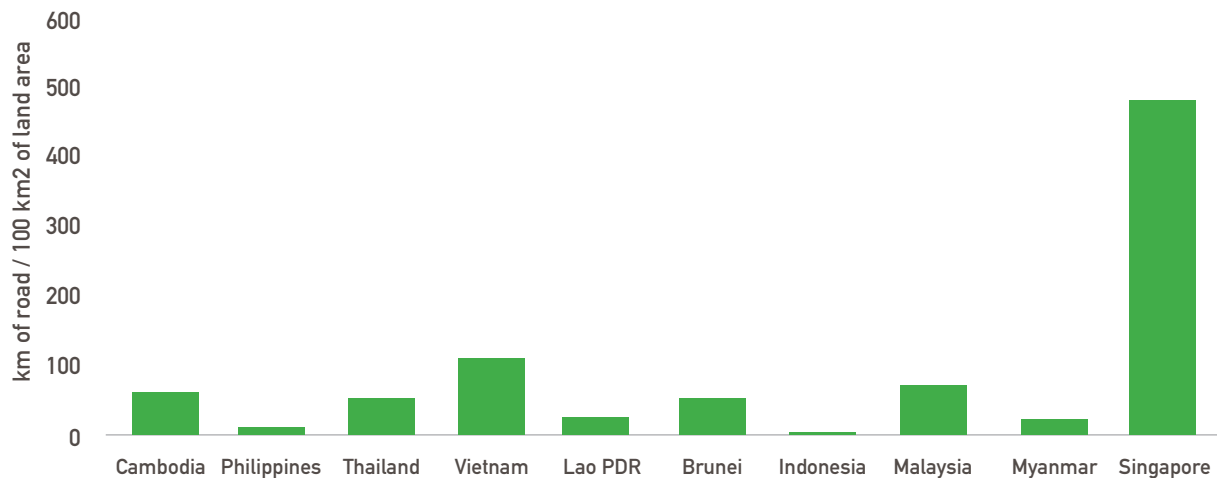
### Low Levels of Coordination among Ecotourism Actors

Coordination among tourism industry stakeholders is weak. In addition, there is a lack of formal integration of ecotourism enterprises along the vertical value chain. This is characteristic of the tourism sector in Cambodia. Destination management companies operating or owning accommodation and transport companies do not exist.

### Accessibility and Connectivity Infrastructure

Connectivity infrastructure (including roads and bridges) and essential services (electricity, broadband internet, water supply and waste management) is insufficient in Cambodia to support the development of ecotourism and makes it difficult for tourists to access sites. In addition, its quality is below that of most Association of Southeast Asian Nations (ASEAN) destinations. See **Figure 12**.

**FIGURE 12. ROAD DENSITY IN CAMBODIA IS LOWER THAN SEVERAL ASEAN DESTINATIONS**



Source: Compiled from ASEANStatsDataPortal. 2018.<sup>79</sup>

<sup>78</sup> World Bank. 2017

<sup>79</sup> Source: ASEANStatsDataPortal. 2018. Total Road Length in kilometers (accessed 1 March 2020). <https://data.aseanstats.org/indicator/ASE.TRP.ROD.A.001>

### Road Networks

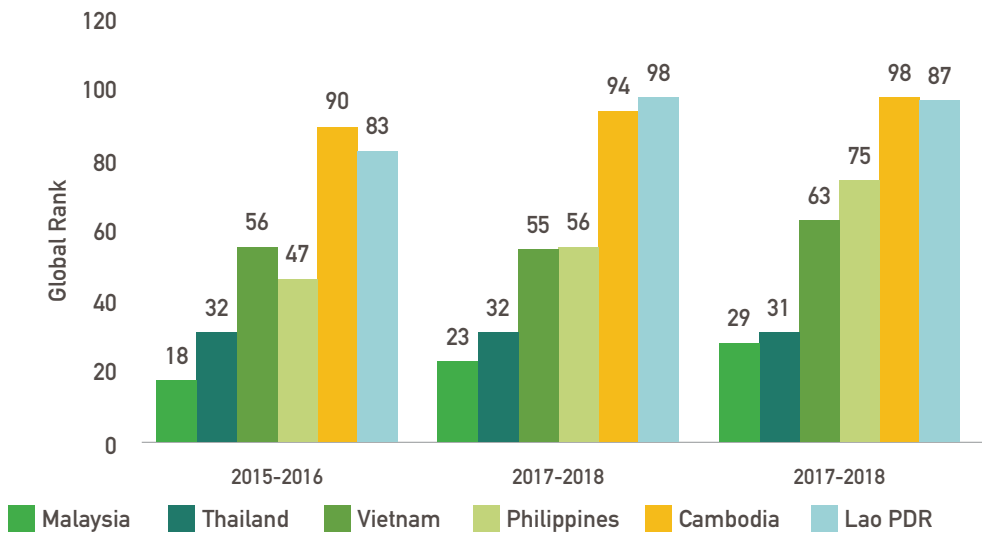
While the road network has expanded during the last several years, the roads to secondary destinations have not benefited from this investment. This continues to make access to secondary sites significantly difficult, especially to mountainous and forested areas like the Cardamoms.

### Service Provision

Quality infrastructure is essential for tourism and should not only include good connections and

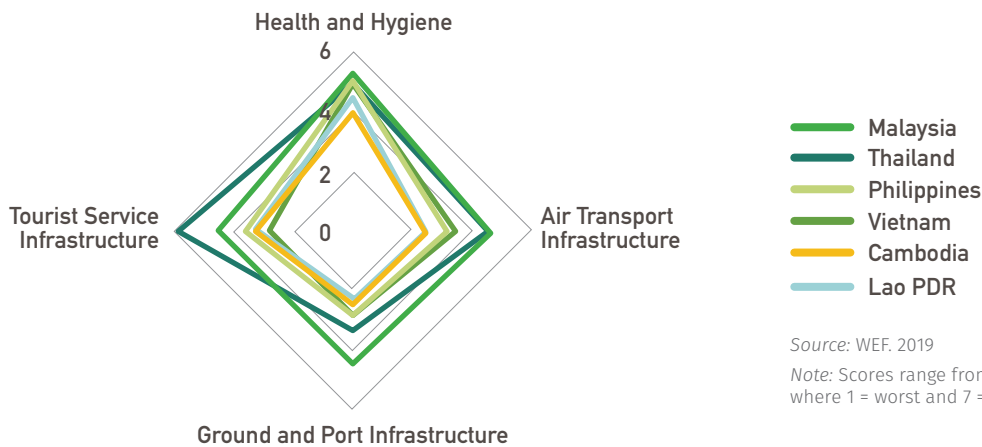
quality environmentally friendly infrastructure but also services like waste and wastewater, clean water supply, and access to reliable electricity. Infrastructure improvements and service delivery in secondary destinations have not kept pace with demand. The reasons for this are mainly due to a lack of funding. However, there are also capacity constraints for construction and maintenance, low population density in rural areas, and limited decentralization planning. This is in contrast to its neighbors. Cambodia lags behind its neighbors on benchmarks for competitiveness including on health and hygiene. See [Figure 13](#) and [Figure 14](#).

**FIGURE 13. CAMBODIA CONSISTENTLY RANKED LOWER TRAVEL AND TOURISM COMPETITIVENESS COMPARED TO ITS REGIONAL NEIGHBORS**



Source: World Economic Forum (WEF) Travel and Tourism Competitiveness Reports 2015-2016, 2017-2018, and 2019  
 Note: Ranking for 2015-2016 and 2019 are based on assessment of 140 countries; ranking for 2017-2018 is based on assessment of 137 countries.

**FIGURE 14. CAMBODIA SCORES LOWER ON SEVERAL TOURISM COMPETITIVENESS INDICATORS COMPARED TO ITS REGIONAL NEIGHBORS**



Source: WEF, 2019  
 Note: Scores range from 1 to 7, where 1 = worst and 7 = best



### Internet Services

Improved internet services are needed as ecotourism becomes increasingly reliant on digital services. Online bookings and payment systems like Expedia, Venmo and PayPal are important for increasing efficiency in the ecotourism sector, and online marketing platforms and social media are necessary for domestic and international marketing. Social media is also an important part of the tourism experience for many and tourists expect to have access to the internet to be able to post immediately to Instagram and Snapchat.

Cambodia has shown strong growth in mobile internet in urban areas, but internet penetration in rural areas like PAs needs to be enhanced to serve ecotourism. The fast rate of growth of internet in Cambodia is an encouraging sign that internet penetration in rural areas can be increased to accompany ecotourism development. However, internet penetration rates in Cambodia are still low. See **Table 5**.

**TABLE 5. INTERNET PENETRATION RATES IN CAMBODIA, VIETNAM AND THAILAND IN JANUARY 2020**

Country	Internet Penetration
Cambodia	58 percent
Vietnam	70 percent
Thailand	75 percent

Source: <https://datareportal.com/reports?tag=Digital+2020>

### Travel Times

Most international tourists to Cambodia visit Angkor Wat as part of a wider-Indochina itinerary. However, currently operators are unable to easily add a one- or two-day ecotourism experience due to the time

required to access ecotourism sites. If it was quicker and easier to connect between Siem Reap, Phnom Penh or other hubs, this would allow the private sector to sell more ecotourism experiences as an add on.

In addition, domestic flight schedules are continually being changed by carriers. This makes it difficult for private sector tour operators to plan as they sell itineraries months, and sometimes years in advance. The private sector would benefit from maintaining consistency in the schedule of domestic flights.

### Overcrowding at Key Sites

The private sector is concerned that overcrowding at key sites diminishes the quality of the experience for the tourist. Tourists are disappointed by what they experience, and this creates a negative perception of tourism in Cambodia.

Creating more ecotourism offerings would also help to reduce pressure in some areas. Cambodia Destination Management Company (CAM DMC) is a group of leading inbound operators. They approached Apsara Authority in Siem Reap in August 2019 with a recommendation to manage the flow. This new arrangement would include allowing tourists to visit just one of the major temples (such as Angkor Wat and Bayon) per day and would extend the length of stay and disperse tourists across the sites. No action has yet been taken on the recommendation.

### Attracting and Retaining Talent

The demand for skilled tourism positions and quality human resources outpaces supply, and tourism stakeholders struggle to attract and retain good staff members. This is a key barrier to improving tourism service quality and retain good staff members.



Shinta Mani Wild resort in the Southern Cardamom Mountains | Natasha Martin

# 5

## ENABLING REGULATORY FRAMEWORKS AND POLICIES

**Cambodia's enabling and regulatory framework for ecotourism consists of several laws and lower-level policy documents.** These include the:

- National Ecotourism Policy (NEP) 2019-2030
- Protected Areas Law 2008
- Law on Concession 1998
- Land Law 2001
- Draft Law on Tourism
- National Protected Area Strategic Management Plan (NPASMP) 2017-2031.

This section provides an analysis of the regulations and policies in order to identify where improvements can be made to facilitate a more enabling environment.

## The National Ecotourism Policy 2019-2030: A Vision for Ecotourism in Cambodia

The Royal Government of Cambodia (RGC) through the Ministry of Environment (MoE) and the Ministry of Tourism (MoT) have developed a NEP for ecotourism (approved in November 2018).<sup>80</sup> This policy outlines the RGC's plans to focus on and develop three key areas:

1. Large- and small-scale ecotourism operations.
2. Priority ecotourism sites
3. Private sector participation in ecotourism.

The NEP sets a strategic vision for tourism in Cambodia *“to transform Cambodia into a quality tourist destination and a new ecotourism attraction with high competitiveness in the region and the world by creating ecotourism products that give absorbing and highly quality experiences for tourists to contribute to poverty reduction and promotion of natural resource conservation as well as effective prevention of climate change.”*<sup>81,82</sup> The policy is part action plan, part cross-ministerial decision document and part-strategic action plan. It relies on the creation of inter-ministerial committees and creates policies for the management of protected area (PA) ecotourism investment project (EIP) operations.

While the NEP sets the overall vision for ecotourism it lacks the detail needed to implement and operationalization the vision. The policy primarily focuses on the development of resorts and is geared towards private sector tourism development. However, opportunities exist for integrating private sector and communities that would help develop new and innovative ecotourism itineraries. These opportunities should be explored and included in the policy.

## Regulatory Framework for Ecotourism in Protected Areas (PAs)

Currently, there is no specific policy in place to develop ecotourism in PAs. This is a major gap in policy provision and frustrates the opportunity to sustainably scale up ecotourism in PAs. Review of the legal framework for ecotourism in PAs and current practices of MoE on ecotourism highlight the key issues that need to be addressed with new policies. These issues include:

- Conflicts in the three laws that support ecotourism (Protected Areas Law, Land Law, Concessions Law)
- No clear policy guidance for ecotourism investment projects (EIPs)
- Lengthy process for securing EIPs
- Lack of clarity on the roles of MoE in managing ecotourism
- Lack of clarity of the services being offered by the government to private sector for developing ecotourism.

### Conflicts Between the Laws

Analysis of the three key laws governing ecotourism in PAs (PA Law, Law on Concessions, and Land Law) found that the legal framework for ecotourism in PAs needs to be simplified and refined<sup>83</sup>. It also found that the overlap and inconsistency among the three laws makes it inefficient and cumbersome for potential investors, and this is likely to act as a deterrent. In addition, each law offers varying degrees of detail regarding ecotourism/commercial activities, and the Land Law has provisions which conflict with the other two laws. For example:

- The Protected Areas Law contains a simple statement authorizing ecotourism investment

<sup>80</sup> For more information about the new policy for ecotourism see the Phnom Penh Post's 2018 article: <https://www.phnompenhpost.com/business/ecotourism-policy-draft-approved>

<sup>81</sup> NEP. 2018:5

<sup>82</sup> The original document was in Khmer and this is a translation.

<sup>83</sup> Pendry. 2019



project (EIP) activities: Article 11, 3: Sustainable Use Zone: *“After consulting with relevant ministries and institutions, local authorities, and local communities in accordance with relevant laws and procedures, the Royal Government of Cambodia may permit development and investment activities in this zone in accordance with the request from the Ministry of Environment.”*<sup>84</sup> This statement appears to be in support of investment activities but does not provide enough detail on the process.

- The Law on Concessions provides considerable detail. However, it does not contain clear provisions for non-infrastructure based EIP contracts, which is a key component for EIPs.
- The Land Law appears to conflict with both the Protected Areas Law and the Law on Concessions. It has a provision in Article 49 that only allows EIPs for *“social or economic purposes”* - defining social purposes as allowing *“beneficiaries to build residential constructions and/or to cultivate lands belonging to the State for their subsistence.”* Economic purposes are defined as allowing the *“beneficiaries to clear the land for industrial agricultural exploitation of land.”* Neither of these two activities fit the ecotourism model and this creates confusion and conflict.

The regulatory framework of the ecotourism sector continues to be expanded and improved. At present, the RGC has established the foundation of a legal framework guiding the development of ecotourism initiatives in PAs. However, the growth of the sector depends on simplifying and refining the suite of policies and regulations in place.

### **No Clear Policy Guidance**

A key challenge for ecotourism development is that, while most ecotourism development happens in PAs, there is no guidance provided in the legal framework for PAs on how to do it. With lack of guidance, PAs are often mistakenly perceived to be beneficial to large-scale development or spontaneous and impulsive actions (such as large-scale infrastructures and facilities). In addition, there are challenges concerning problems of overuse and confusion between ecotourism and nature-based mass tourism. This applies to large scale ecotourism sites in particular mainly due to limited mechanisms to regulate use (such as contracts on design, product offers, and energy consumption).

A number of clarifications must be made to these three laws before the regulatory framework is fit for purpose.

#### **Projected Areas Law**

Under the Protected Areas Law zoning only allows for recreational use in certain types of PAs and within certain zones. This limits the opportunities for public enjoyment and ecotourism activities.

#### **Law on Concessions**

The Law on Concessions does not contain clear provisions for non-infrastructure based EIP contracts, which is a key component for EIPs. There are many ecotourism activities that require minimal investments in infrastructure such as hiking, bird watching or wildlife viewing. The law currently lacks clarity in this area.

#### **The Land Law**

The Land Law appears to conflict with both the Protected Areas Law and the Law on Concessions, as the social and economic ecotourism investment

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<sup>84</sup> The original document was in Khmer and this is a translation.

projects (EIPs) as defined in the law do not fit the ecotourism model. This lack of consistency between these three important regulations creates confusion and conflict.

### ***A New or Revised Legal Framework***

Successful ecotourism in PAs in Cambodia needs a revised legal framework. All stakeholders, including the RGC as well as private investors, would benefit from improved clarity in the legal framework. This can be achieved by developing a new, simplified EIP law that applies to PAs only. Alternatively, a Decree specific for PA EIPs could be issued. In either scenario, the new law or decree must contain appropriate provisions to inform and protect both the government and the

investors in EIPs. In response to the challenges and recommendations outlined above, this needs to include:

- Protection of the resources – only necessary and appropriate development
- A Complete Solicitation Process or Unsolicited Proposal Process
- Evaluation criteria
- Shortest viable terms
- Protection of investor in EIP interests
- Franchise Fees
- Transfer of Contracts.

Recommendations related to these three laws are expanded in discussed in **Section 8** and in **Table 8**.



4 Rivers Floating Lodge | Natasha Martin

# 6

## CHALLENGES AND BARRIERS TO ECOTOURISM DEVELOPMENT IN CAMBODIA

**Despite the increasing popularity of ecotourism and its potential social, economic and ecological benefits to Cambodians, the sector continues to face challenges.**

These challenges include weaknesses in the regulatory framework and other sectoral barriers and will need to be addressed as part of development in the sector. This section summarizes the challenges that were discussed with the previous sections, and lays the ground for the recommendations for enhancing ecotourism provided in **Recommendations** section.

## Relatively Weak Enabling Environment for Ecotourism

### *Weak Policy and Regulatory Environment*

The National Ecotourism Policy (NEP) sets out the government's strategy to develop the ecotourism sector but does not provide comprehensive guidance for ecotourism. There is no specific policy in place for developing ecotourism in protected areas (PAs). In addition, overlap and inconsistency among the three key and relevant laws (PA Law, Land Law, Concessions Law) is inefficient and cumbersome for potential investors and likely to act as a deterrent. Most importantly, the current policies do not create incentives for private sector investments in ecotourism. The process for developing tourism products within PAs is unclear to most of the private sector.

### *Low Regional Tourism Competitiveness*

Cambodia's tourism competitiveness is lower than its regional neighbors due in part to its relatively weak business environment. The World Economic Forum's (WEF's) Tourism and Travel Competitive Index for 2018 ranked Cambodia 98<sup>th</sup> out of 140 countries, stating that Cambodia scored worse on indicators relating to ease of doing business. Cambodia had low scores for 'time to deal with construction permits,' 'time to start a business,' 'cost of starting a business' and 'efficiency of legal framework in settling disputes'. For example, it takes on average 99 days to start a business in Cambodia. By contrast, it only takes 4.5 days in Thailand and 0.5 days in New Zealand. These indicators are similar to the World Bank's Doing Business Report ranking.

This report put Cambodia 144<sup>th</sup> out of 190 countries in 2020.<sup>85</sup> Tourism private sector operators have noted that it is difficult, time-consuming and expensive for private companies to start a business. Issues

noted by the private sector include incomplete legal frameworks and uneven enforcement of land claims and regulations.

### *Inadequate Leadership and Coordination*

Ecotourism development in Cambodia is primarily led by donor agencies, civil society and the private sector. This can create distance between government agencies and local communities, making monitoring and regulatory enforcement difficult. Reliance on external support and funding can also lead to ecotourism projects being abandoned or converted into mass tourism sites when funding ends.

There has also been a history of failed tourism development projects in Cambodia. Many projects have been unsuccessful due to lack of market understanding, lack of connections with the private sector, and lack of coordination and collaboration between nongovernmental organizations (NGOs) who set up projects and relevant stakeholders. This has left local communities suspicious of new incoming tourism projects, and wary of their promises. Communities may also be suspicious of new tourism projects if they have already experienced previously unsuccessful initiatives.

Multiple government departments have a role to play in the management of ecotourism. These include the Ministry of Tourism (MoT), the Ministry of Environment (MoE), the Ministry of Agriculture, Forest and Fisheries (MAFF), and the National Committee for Coastal Management and Development (NCCMD). Unfortunately, these stakeholders are not well coordinated, and this can result in them obstructing rather than facilitating the development of ecotourism. Private ecotourism enterprises may also have limited interaction with relevant authorities, and this gets in the way of proper monitoring and management of PAs.

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<sup>85</sup> World Bank. 2020

## Inadequate Planning and Management of Ecotourism Activities

### *Ecotourism Planning*

Planning for ecotourism-related infrastructure development must be done with care and consideration for the environment, especially in ecologically sensitive zones within PAs. While an absence of infrastructure such as roads, hotels and restaurants can deter visitors, the construction of resorts, parking lots and other amenities can also pose risks to the ecology and landscape that gives the PA its value.

Planning must take into account the need for adequate connectivity and access as this is a key challenge. Insufficient transport infrastructure and weak services hinder sustainable tourism development as many secondary destinations are unable to attract private investment in quality tourist service infrastructure.

### *Ecotourism Market Research*

Lack of market research is a major challenge. Without solid research data, it is impossible to make informed decisions, design effective products or marketing campaigns. Data are absent on many aspects of the tourism industry in Cambodia. Revenue from ecotourism is not yet properly collected or recorded. Therefore, it is difficult to accurately determine the number of visitors to private ecotourism sites and its associated revenue. In addition, the length of stay in Cambodia has always been an issue. For the at least the last two decades, there has been an effort to get tourists to 'Stay Another Day,' in Cambodia.

### *Marketing and Branding*

Inadequate marketing and branding of tourism sites is another challenge. While Angkor Wat is well known, other sites in Cambodia, and especially ecotourism

sites, are not. In fact, Cambodia's destination marketing is weaker than its regional competitors.<sup>86</sup> According to tourism industry experts, this is due to a lack of funding, poor coordination between public and private sector, and unclear mapping of responsibilities between various ministries. Good destination marketing attracts high-value tourists, ensures tourists come from a variety of source markets, and can increase dispersal to combat over-tourism.

## Inadequate Protection of Ecotourism Assets

The nature, culture and adventure resources are the reasons tourists visit Cambodia. It is critical to protect the assets that tourism trades on to ensure that tourism is a healthy industry for decades to come. There are solid management plans in place for PAs. However, there is a problem with how these plans and regulations are implemented and enforced. The number of staff assigned to oversee PAs is inadequate to manage the large areas of covered by PAs in Cambodia. This limits the ability of the MoE to properly monitor PAs and may result in ecotourism operators failing to fulfill the requirements of their EIPs.

Capacity of PA staff to engage in proper planning, monitoring and reporting of law enforcement in PAs is inadequate, and staff often lack the tools and equipment for PA Law enforcement. Without enforcement of regulations designed to conserve and protect, sites can easily be overwhelmed with visitation, causing degradation and reducing the quality of the experience at the site. Furthermore, there is an opportunity to increase revenue collection at entry points of many cultural and natural assets in Cambodia. These funds can then be used to protect the assets. Waste management in Cambodia is significant in both terrestrial and marine areas, and negatively impacts tourism.

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86 WEF, 2019

Large visitor numbers, particularly during weekends and national holidays are blamed for environmental disturbances in PAs such as the erosion of trails, destruction of vegetation and problems of waste disposal. Many areas, both terrestrial and marine, are contaminated with trash which negatively impacts tourism. Yet, these concerns are directly related to inadequate levels of infrastructure as well as the lack of mechanisms to effectively regulate use.

The authority of the MoE to enforce regulations with respect to ecotourism development in PAs remains limited. The Ministry is currently understaffed with limited financial and technical capacities to adequately fulfill this role. Therefore, targeted strengthening in this area would be advantageous.

## Low Quality of Ecotourism Offerings and Services

One of the biggest causes for visitor dissatisfaction and negative environmental impacts is the low quality and inappropriate design of products and services in many ecotourism sites. For example, sites may lack knowledgeable and competent guides able to effectively communicate with visitors.

Safety is also a critical consideration. This is particularly true when ecotourism services include activities similar to adventure tourism. In addition, current PA staff are insufficiently trained for ecotourism development.



Shinta Mani Wild resort in the Southern Cardamom Mountains | Natasha Martin

# 7

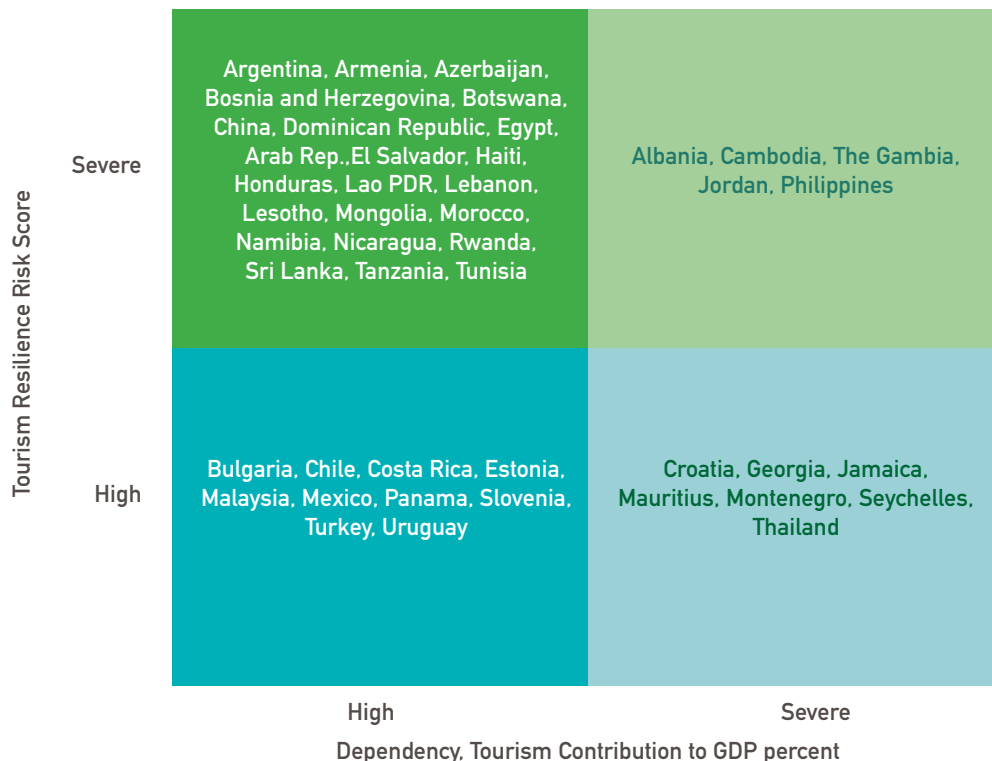
## COVID-19 – A NEW REALITY

### Impact of Travel Restrictions

Since January 2020, travel restrictions have been implemented across the World as an attempt to curtail the spread of the COVID-19 virus. As a result, people are unable to travel (both locally and internationally) and tourism numbers have declined dramatically. Many tourists have also had to cut short their itineraries in order to return to their respective countries to avoid border closures.

This has had a major impact on tourist destinations and the tourist industry around the World. This in turn is adding significant economic pressures on these countries, especially those whose economies are particularly dependent on income from tourism. Cambodia is one of those countries. See **Figure 15** for more information on how the impact of COVID-19 is expected to affect Cambodia, compared to other countries.

**FIGURE 15. COUNTRIES WITH THE HIGHEST TOURISM DEPENDENCY AND WORST TOURISM RESILIENCY RISK SCORE**



Notes: Tourism Resilience Risk score is made up of data from seven pillars selected from the World Economic Forum Travel (WEF) and Tourism Competitiveness Index (TTCI) and measures the degree of difficulty a country faces in recovering from the crisis. The pillars: (a) policy environment for business; (b) health and hygiene; (c) ICT readiness; (d) prioritization of travel and tourism by government; (e) international openness; (f) air transport; and (g) tourist service infrastructure. Severe risk (WEF score  $\geq 3.5$ ); high risk (WEF score  $\geq 3$ ); medium risk (WEF score  $\geq 2.5$ ); low risk (WEF score  $\geq 1$ ). Tourism dependency rating is determined by tourism's contribution to GDP: (a) severe  $\geq 20\%$  GDP in tourism; (b) high = 10-20 percent GDP in tourism; (c) medium = 5-9 percent in GDP in tourism; (d) low  $\leq 5$  percent in GDP in tourism. WTTC's estimation of tourism's contribution to GDP (24%) in Cambodia was used for the analysis.

Source: World Bank. 2020 [unpublished]

### International Tourism

An international survey of tourism operators reported a 63 percent decrease in travel bookings from January to March 2020 compared to the same period in 2020.<sup>87</sup> The same survey reported a 29 percent estimated loss of 2019 equivalent revenues in 2020 due to cancellations. This gives a strong indication of the situation globally in terms of the economic losses being incurred globally because of COVID-19. In fact, the United Nations World Tourism Organization (UNWTO) projects a fall in tourist arrivals of up to 30

percent during 2020 and recommends that tourism should be an important part of any recovery plans.<sup>88,89</sup>

In 2021, it is expected there will be an overall 38 percent decrease in business volume compared to 2020.

The Royal Government of Cambodia (RGC) has imposed restrictions on both domestic (inter-provincial) and international travel. This has resulted in marked decreases in the inbound and outbound activity at Phnom Penh and Siem Reap International airports. See **Figure 16** and **Figure 17**.<sup>90</sup>

<sup>87</sup> ATTA. 2020. This Survey was taken by Adventure Travel and Trade Association (ATTA) in March 2020. The survey is based on the inputs of 162 firms representing tourism boards, travel advisors, activity providers, accommodations, media and industry partners from North America, South America, Europe, Asia, Latin America and the Caribbean.

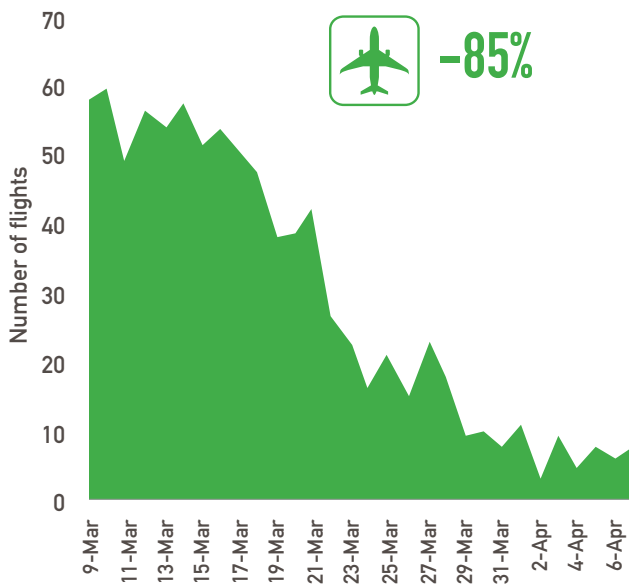
<sup>88</sup> For more information on the potential impacts of COVID-19 by UNWTO, see: <https://www.unwto.org/impact-assessment-of-the-covid-19-out-break-on-international-tourism>

<sup>89</sup> See UNWTO's article on the role of tourism from recovery from COVID-19: <https://www.unwto.org/news/covid-19-unwto-calls-on-tourism-to-be-part-of-recovery-plans>

<sup>90</sup> The RGC imposed a ban on inter-provincial travel to restrict travel during the scheduled period for Khmer New Year (April 10-14, 2020). The government also postponed Khmer New Year to reduce domestic travel.

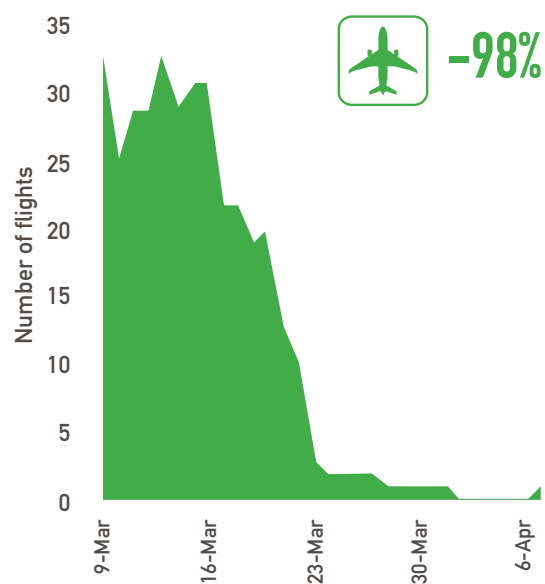


**FIGURE 16. CHANGE IN AVERAGE NUMBER OF DEPARTURES FROM PHNOM PENH AIRPORT - MARCH TO APRIL 2020**



Source: FlightRadar24 in Garcia (2020)<sup>91</sup>

**FIGURE 17. CHANGE IN THE AVERAGE NUMBER OF DEPARTURES FROM SIEM REAP AIRPORT - MARCH TO APRIL 2020**



Source: FlightRadar24 in Garcia (2020)

During the first three months of 2020, the numbers of international visitors to Cambodia fell dramatically. **Figure 18** shows a 63 percent decrease in the number of international visitors in January and February of 2020 compared to 2019.

The decline in international visitors impacts across the whole tourism industry in Cambodia. Tourist services like hotels and guest houses are either closed or operating at less than 25 percent of their original capacity. Tour companies are also closing or operating at a minimal level. The reality for many Cambodians involved in the tourism industry as tourism service providers (TSPs), or as employees of service providers, will be harsh. Income from tourism is already declining and, for much of 2020, this will decrease to zero as the world deals with and recovers from the COVID-19 crisis. This reality can already be seen in Cambodia. See **SPOTLIGHT 2 – Siem Reap is Empty**.

### Domestic Tourism

COVID-19 has not had significant impact on domestic tourism in Cambodia. Comparing similar periods in 2019 and 2020, there was only a 5 percent decline in domestic visitors to nature sites. Social distancing is

the main practice to limit the spread of COVID-19. As a result, Cambodians did not travel as extensively and frequently across the country in the first half of 2020. See **Figure 19**.

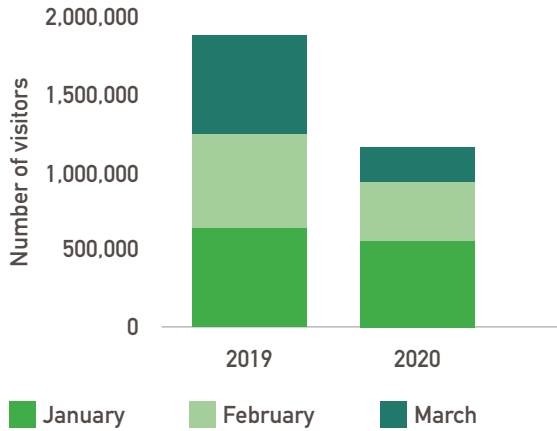
Social distancing and fewer financial resources mean that spending in restaurants and on entertainment has declined. In addition, the postponement or cancellation of major holidays in Cambodia like Khmer New Year celebrations has added to the decline in domestic tourism. This decline is likely to be felt strongly by community-based ecotourism (CBET) sites who earn tourism revenues from many of the local sites like waterfalls and rivers that domestic tourists visit.

These financial pressures caused by COVID-19 will result in a loss of jobs for many workers in Cambodia's tourism sector. Businesses and organizations will need to furlough or lay off staff in order to reduce expenses or because they have shut down completely. All bars, karaoke bars (KTVs), beer gardens, casinos and beauty salons have been required to close. In addition, many hotels and restaurants have voluntarily closed their doors due to a lack of clientele.

<sup>91</sup> Garcia. Andres. 2020 [unpublished]

**FIGURE 18. DROP IN NUMBERS OF INTERNATIONAL TOURIST ARRIVALS TO CAMBODIA – 2019 AND 2020**

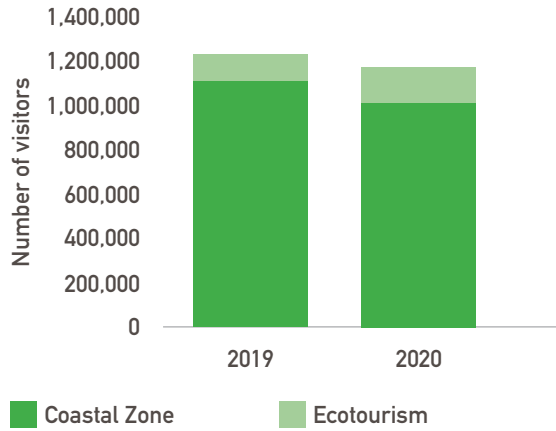
63% DECLINE IN TOURIST ARRIVALS COMPARING 2019 TO 2020



Source: MoT. 2019-2020

**FIGURE 19. DROP IN NUMBERS OF KHMER VISITORS TO COASTAL AND ECOTOURISM SITES IN CAMBODIA – JANUARY TO MARCH 2019 AND 2020**

5% DECLINE IN DOMESTIC VISITORS TO NATURE SITES COMPARING 2019 TO 2020

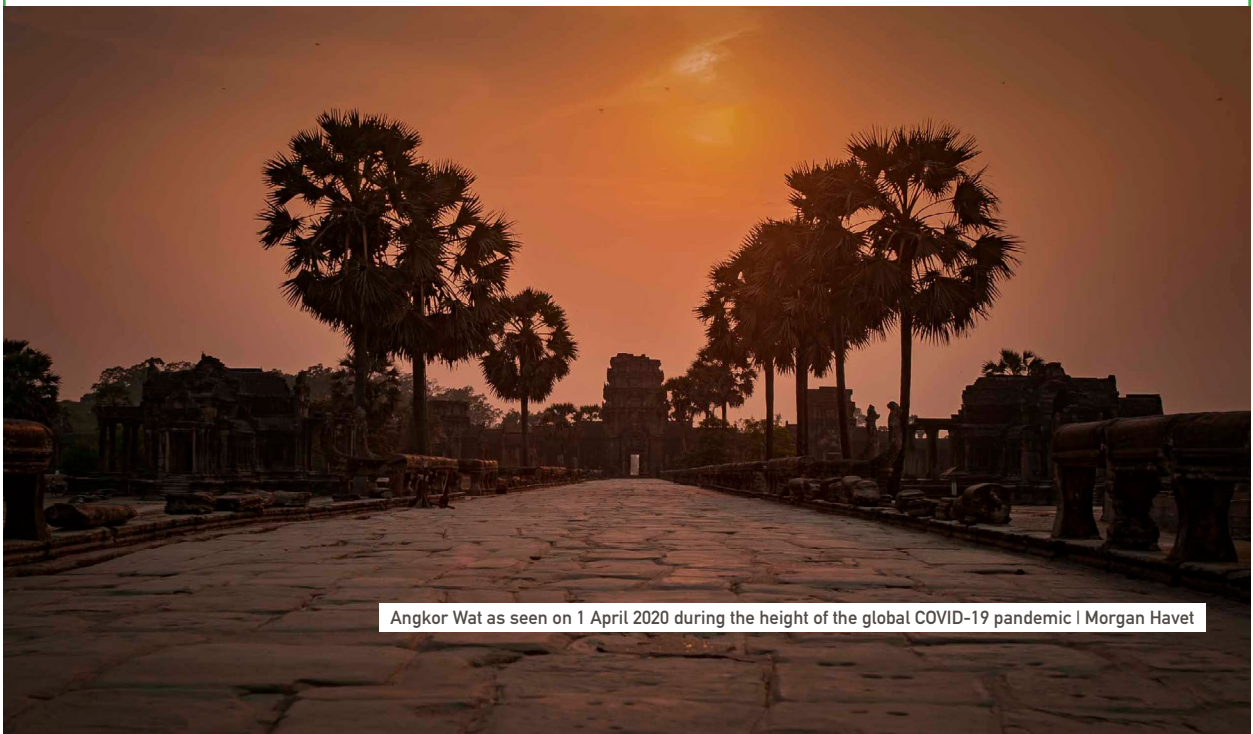


Source: MoT. 2020

### SPOTLIGHT 2. SIEM REAP IS EMPTY

Siem Reap is the number one tourism destination in Cambodia thanks to its role as the international gateway to the temples of Angkor. It is one of the most popular tourism destinations in Southeast Asia and high on the bucket list for any traveler exploring the region. The Temples of Angkor have been voted the *Traveller's Choice Best Landmark* for three years in a row by TripAdvisor users.

In 2019, there were 6.6 million international arrivals in Cambodia and the tourism sector generated US\$4.91 billion, an increase of 12.4 percent on 2018. 2.2 million tourists visited the Temples of Angkor bringing much needed tourism dollars into Siem Reap for accommodation providers; restaurants, cafes and bars; shops, galleries and market stalls; and attractions and experiences.



Angkor Wat as seen on 1 April 2020 during the height of the global COVID-19 pandemic | Morgan Havet



The jungle temple of Ta Prohm and the face temple of Bayon also deserted during COVID-19 | Nick Ray

In 2020, all this changed with the rapid spread of COVID-19 around the world. Siem Reap is in a state of suspended animation right now and the local tourism economy is facing complete collapse. Implementation of national lockdowns and physical distancing around the world, travel restrictions in Cambodia (both inbound and outbound), the mass cancellation of international flights and the growing economic crisis have essentially grounded the travel industry in the short-term. Tens of thousands of new jobs were created in the tourism sector in Siem Reap between 2000 and 2020, but many of these will now be lost in the short-term, as international tourism is on pause.

### International Arrivals in Q1 2020

Updated tourism arrival statistics for Q1 2020 are not yet available, but January and February statistics already show a sharp decline in arrivals before the COVID-19 crisis went global and much of this may be attributed to a significant drop in the number of Chinese visitors in February as Wuhan and other major cities went into lockdown.

### International Arrivals in Cambodia in First Two Months of 2019/2020

Jan/Feb 2019 <sup>92</sup>	1,244,689
Jan/Feb 2020 <sup>93</sup>	931,826

Tourism arrivals have dropped to zero in the past month as lockdowns, travel bans, and entry restrictions have come into play and arrivals are predicted to remain close to zero into May and even June.

### Visitors to the Temples of Angkor

Statistics for the sales of Angkor passes are already available as below and make for stark reading:

### Total Sales of 1/3/7 Day Angkor Passes in Q1 2019 and 2020

Jan 2019 > 271,050 <sup>94</sup>	Jan 2020 > 222,561 <sup>95</sup>
Feb 2019 > 273,259	Feb 2020 > 118,933
Mar 2019 > 243,591	Mar 2020 > 42,169

<sup>92</sup> MoT, 2019

<sup>93</sup> MoT, 2020

<sup>94</sup> Jan, Feb and Mar 2019 Angkor Pass Statistics: <https://www.angkorenterprise.gov.kh/annual-news/2019/5/report>

<sup>95</sup> Jan, Feb and Mar 2020 Angkor Pass Statistics 2020: <https://www.angkorenterprise.gov.kh/annual-news/2020/5/report>



Pub St and Old Market in Siem Reap are mostly closed down during the COVID-19 pandemic | Philippe Janowski

There was a dramatic decline seen in ticket sales in February as Chinese visitor numbers collapse and then an even bigger decline in March as lockdowns, travel bans, airline cancellations and more come into effect as a result of the COVID-19 spread.

The March 2020 figures are also artificially inflated by pre-paid passes for destination management companies (DMCs), so the actual number could be 50 percent lower and in the range of 20,000 visitors. Most travel companies buy in advance to secure a discount and these passes have not been refunded by Angkor Enterprise but deferred.

According to conversations with Angkor Enterprise ticketing staff in Siem Reap, April figures will be much more shocking, as an average of only 15 tickets are being sold per day. This will mean fewer than 500 tickets sold in April 2020 compared with 185,405 tickets in April 2019.

### ***The Impact on Accommodation Providers in Siem Reap***

According to Trip Advisor, there are 1,508 properties<sup>96</sup> in Siem Reap, including hotels, resorts, guesthouses, hostels and homestays, the vast majority of which are shut and have furloughed staff.

Events have been moving too fast for any organization to complete an accurate record of what is open and closed at this time, but first-hand observations in Siem Reap suggest that about 75 percent of accommodation providers have temporarily closed. This includes most of the big four-star and five-star brands that DMCs work with such as Raffles, Sofitel, Le Meridien, Park Hyatt and Belmond. Collectively, accommodation providers in Siem Reap employ thousands of staff who will now be stuck in limbo with limited or no pay until at least the end of June 2020.

### ***The Impact on Restaurants, Cafes and Bars in Siem Reap***

Pub Street and Psar Char (Old Market) area of town, dozens of businesses are shuttered, including restaurants, bars, cafes and shops. Most of the Old Market is closed with the exception of the produce section used by locals for everyday shopping. The *Angkor W Group* of restaurants (<https://restaurant-siemreap.com/>) is entirely closed, as are most of the *Temple Group* of restaurants and bars, including all their restaurants and bars in Pub Street itself. Once again, the impact on staff cannot be underestimated with the vast majority of places closed. According to Luu Meng, President of the

<sup>96</sup> See: [https://www.tripadvisor.com/Hotels-g297390-Siem\\_Reap\\_Siem\\_Reap\\_Province-Hotels.html](https://www.tripadvisor.com/Hotels-g297390-Siem_Reap_Siem_Reap_Province-Hotels.html)

Cambodia Tourism Federation (CTF), which includes the Cambodia Restaurant Association (CRA), there are 950 restaurants in Siem Reap, excluding beer gardens and bars, and he estimates that 90 percent of these are currently closed.

### ***Freelance Tour Guides and Drivers***

Siem Reap is also home to around 2,500 licensed tour guides who show tourists around the temples of Angkor and other attractions in the area. The guides here are considered some of the best in the region thanks to their depth of knowledge and outgoing personalities, and G-Adventures' Meas Chantha was voted the Best Tour Guide in the World in 2019<sup>97</sup>. These guides are all currently unemployed and may not have any new clients until at least July 2020. There are also several thousand freelance drivers in Siem Reap, driving company vehicles such as buses and minivans, private cars and SUVs and tuk-tuks and motos, most of whom will be out of work for the foreseeable future.

### ***Other Service Providers in Siem Reap***

Beyond the hotels, restaurants and drivers and guides, there are many other tourist-dependent services in Siem Reap, including shops, galleries, spas, visitor attractions, activities and more, all of which are now temporarily closed due to the absence of visitors. Most of the tourist stalls in the Old Market were closed last week and all museums and visitor attractions have been officially closed by the government since late-March. Spas and massage are also a popular activity in Siem Reap and all of these have also been ordered to close.

It is also important to consider the impacts on the value-chain economy in Siem Reap Province. When tourism stops, this inevitably slows down

other sectors that supply the tourism economy, including the local farming sector, food and drink wholesalers, laundry services, IT support, advertising, website design, e-commerce providers and more.

### ***The Impact of COVID-19 on the Tourism Economy in Siem Reap***

Siem Reap is a tourist town. The travel industry has stopped dead in its tracks. Nobody is travelling right now and may not travel again until at least July and August, more likely much later in the year. The world is suffering unimaginable emotional, psychological and economic trauma right now as a direct and indirect consequence of COVID-19 and we cannot be certain how this will impact on travel patterns after the pandemic is eventually brought under control.

The immediate impact of this crisis is the temporary loss of thousands of jobs in Siem Reap, as hotels, restaurants, cafes, bars, shops and markets shutter their businesses and furlough staff. This is not only a short-term shock to the staff that lose their wages, but for their families and dependents in the countryside who rely on a portion of these wages for their survival.

Many of the staff in the tourism sector in Siem Reap are recent migrants from rural villages in Siem Reap or other parts of Cambodia and have become important 'rice-winners' for their families. It is not only salaries that contribute to these remittances to the villages, but also the tips for those that work in hotels and other customer-facing businesses in the hospitality sector.

Siem Reap may benefit from a domestic tourism rebound in the short-term, a regional rebound from Asian markets in the short-to-medium-term and a long-haul rebound in the medium-term as Europe and North America move into winter, but it

97 See: <https://www.khmertimeskh.com/647864/its-official-the-worlds-best-tour-guide-is-cambodian/>



The Gallery of a Thousand Buddhas at Angkor Wat during the COVID-19 pandemic | Nick Ray

depends on so many indeterminate factors such as the outcome of the fight against the virus, an easing of travel restrictions (both internal and external), the reestablishment of international flight connections, the crisis impact on savings and disposable income, and overall travel industry confidence.

Unfortunately, many of these factors are not under the control of the RGC, including the simple act of re-establishing flight connections that have now been suspended by international airlines. Cambodia will face intense competition from larger regional players hoping to spend their way out of the crisis with huge marketing budgets, such as Thailand and Malaysia. Globally, every major tourism destination in the world will be clamoring to rebuild their shattered tourism industries. It will be very hard to be heard amid all this noise, so Cambodia will need to be nimble and smart in how it allocates its limited financial resources.

The temples of Angkor are the symbol of a nation and exploring the temples without the crowds will be a unique selling point in the immediate recovery. There is also a unique opportunity to

reboot the Cambodian travel industry and focus on themes, destinations and attractions beyond the temples. However, moving forward it will be important to emphasize other themes such as the people of Cambodia, the emerging ecotourism scene, and the relatively unknown cuisine. In the Siem Reap region, it will be important to promote attractions 'beyond the temples', including the villages of the Tonle Sap Lake and the holy mountain of Phnom Kulen. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) has already promoted CBET campaigns for *Visit Banteay Srei* and *Siem Reap Beyond the Temples* between 2015 and 2018. This is a trend that can be capitalized on.

Siem Reap and the temples of Angkor can and will recover from the impact of COVID-19. However, the speed of recovery will depend on a timely, effective and coordinated response from the RGC, multilateral institutions and private sector players. It is more important than ever that there is unity across the sector. In addition, a coordinated recovery strategy and clear message emanating from the tourism sector in Cambodia is needed.

Nick Ray, April 2020

## Impact on the Economy

The impact of COVID-19 on Cambodia's national economy and its tourism sector will be huge. Tourism normally accounts for approximately 16.7 percent of Cambodia's gross domestic product (GDP) and in 2019 tourism receipts totaled US\$4.92 billion.

Using 2019 as a base year, there are three possible economic scenarios for Cambodia in 2020 depending upon the severity of COVID-19 outbreak. See **Table 6**. It will take a long time it to recover from even the most moderate of these scenarios.

### Unemployment and Increased Poverty

In the absence of significant mitigation measures, the COVID-19 pandemic could result in sharply rising unemployment and increased poverty. The sectors

most affected by the crisis are also among the most employment intensive in Cambodia. For example, the garment sector accounts for 16 percent of employment, construction sector accounts for 12 percent, and the transport and hospitality sector cover 13 percent of non-agricultural employment.<sup>98</sup> In addition, migrants returning home from Thailand, and the households that rely on their remittances, face significant income losses and a higher risk of falling into poverty. It is estimated that already around 80,000 migrant workers have returned to Cambodia since the COVID-19 outbreak.<sup>99</sup>

### Skills and Institutional Memory Loss

A major risk facing Cambodia's tourism industry is the loss of skilled labor and the subsequent loss of institutional memory. Cambodia already faces a challenge of maintaining a highly skilled tourism labor

**TABLE 6. THREE POSSIBLE ECONOMIC SCENARIOS FOR TOURISM IN CAMBODIA**

<b>High-impact worst-case scenario</b> – This assumes that recovery can only begin from November 2020 onwards	
Decline in arrivals in 2020	80 percent
Loss of revenue	US\$2.77 billion
Approximate number of tourism jobs affected (direct and indirect)	1 million
<b>Substantial-impact scenario</b> – This assumes recovery can only begin from August 2020 onwards.	
Decline in arrivals in 2020	50 percent
Loss of revenue	US\$1.7 billion
Approximate number of tourism jobs affected (direct and indirect)	840,000
<b>Moderate impact scenario</b> – This is the most optimistic scenario that assumes Covid-19 comes under control within the first few months of 2nd quarter of 2020 and some major markets, like China, start to rebound quickly.	
Decline in arrivals in 2020	30 percent
Loss of revenue	US\$1 billion
Approximate number of tourism jobs affected (direct and indirect)	650,000

Source: Authors' own calculations

Notes on the COVID-19 Scenarios analysis in Table 6:

The scenarios created are based on projections provided by international tourism industry experts including the United Nations World Tourism Organization (WTO). The 80 percent, 50 percent and 30 percent decrease in arrivals are only indicative of what may happen. 2019 is used as a base year for the scenario projections for 2020.

Tourist arrivals are estimated for three scenarios of tourist arrival decreases using 2019 arrival data as a baseline.

Potential revenue loss from decline in tourist arrivals is determined:

- For each scenario: Potential revenues from tourism = Estimated number of tourists in 2020\*average daily spend\*average length of stay in days. Average daily spend and average length of stay is assumed as constant at 2019 level.
- For each scenario: Potential revenue loss = Potential revenue (2019 tourism earnings) – potential revenues from tourism under the scenario
- Impact on employment was determined by:
- Estimating the potential number of persons employed in each scenario as a factor of visitor arrivals and tourism earnings: No. Employed (2019)/ (earnings from tourism (2019) by est. number of arrivals 2020)
- Impact on employment: No. employed in 2019- estimated number employed in each scenario.

The scenarios and the numbers generated are indicative only and should not be used directly in policies or to determine investment needs.

<sup>98</sup> World Bank. 2020

<sup>99</sup> World Bank. 2020

force. Yet, it is highly likely that after COVID-19 there will be a significant loss of skilled labor as people transfer to other jobs that can provide a more certain income.

In an attempt to support the tourism industry, RGC has implemented a policy to provide 20 percent of salaries to tourism workers to help mitigate against this difficult situation.<sup>100</sup> However, the reality is that salaries are already so low that 20 percent will not cover household needs. In addition, many households in Cambodia are indebted already in some way often with high-interest loans. This adds an additional financial load on households already struggling to cope.

The loss of skilled labor will mean that, as the industry recovers, TSPs will need to invest in training and skills development of new staff. This will add to the costs and the time needed for tourism recovery in Cambodia.

### Tourism Investors and TSPs

Another impact of the COVID-19 is the loss of tourism investors and TSPs, particularly those that are less well-established. Without a flow of revenues from tourism, investors and tourism service providers will encounter liquidity problems. They will struggle to

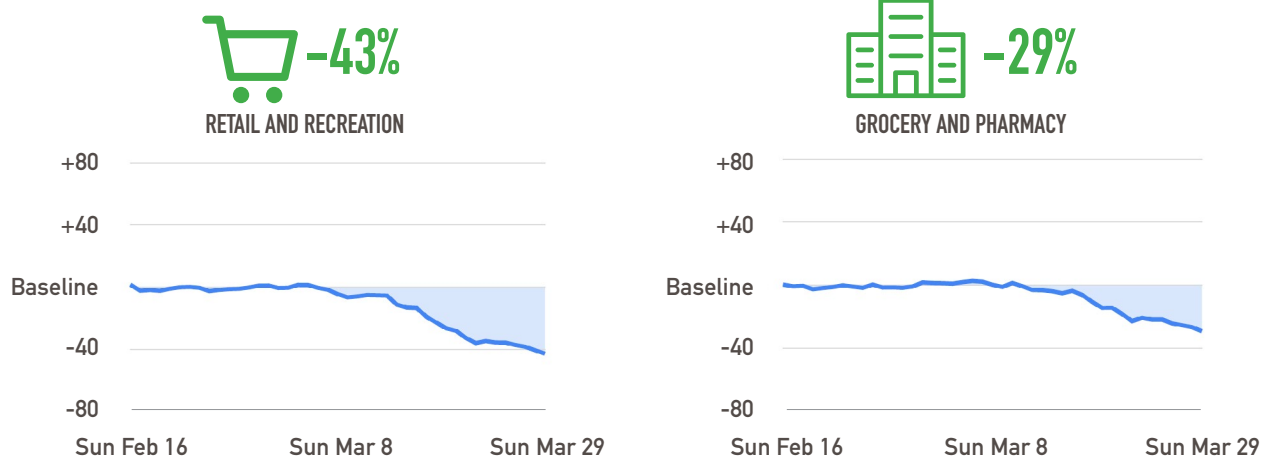
pay creditors, and this may result in delays in loans payments and the potential for defaults on investment loans. Going forward, it may be more difficult to get new loans or credit because the tourism industry may now be perceived as high-risk. In addition, there may be less confidence among local operators about the economic viability of the local tourism industry.

The novelty of COVID19 is creating apprehension about the length of the outbreak and depth of its impact on human health and this is having a further impact on the economy.<sup>101</sup> The economic downturn that results from COVID-19 will affect financial sector decisions and increase risk aversion parameters when extending new credit. This lack of a capital safety net will mean that several investors and TSPs will be unable to re-enter the market.

### Value Chain Impacts

These impacts on the tourism sector will inevitably extend to other sectors that are an integral part of the tourism value chain in Cambodia because of reduced demand. Data in **Figure 20** show significant declines in some tourism related services – retail, groceries and shops and recreation. See **Figure 21** below of an example of a tourism value chain, and the services that are expected to be affected by COVID-19.

**FIGURE 20. CHANGE IN MOBILITY TRENDS FOR RETAIL AND RECREATION CENTERS**



Notes: Trends are created with aggregated, anonymized sets of data from users who have turned on the Location History setting. Baseline: median value, for the corresponding day of the week, during the 5- week period Jan 3–Feb 6, 2020.<sup>102</sup>

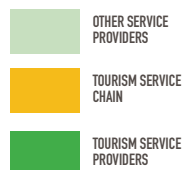
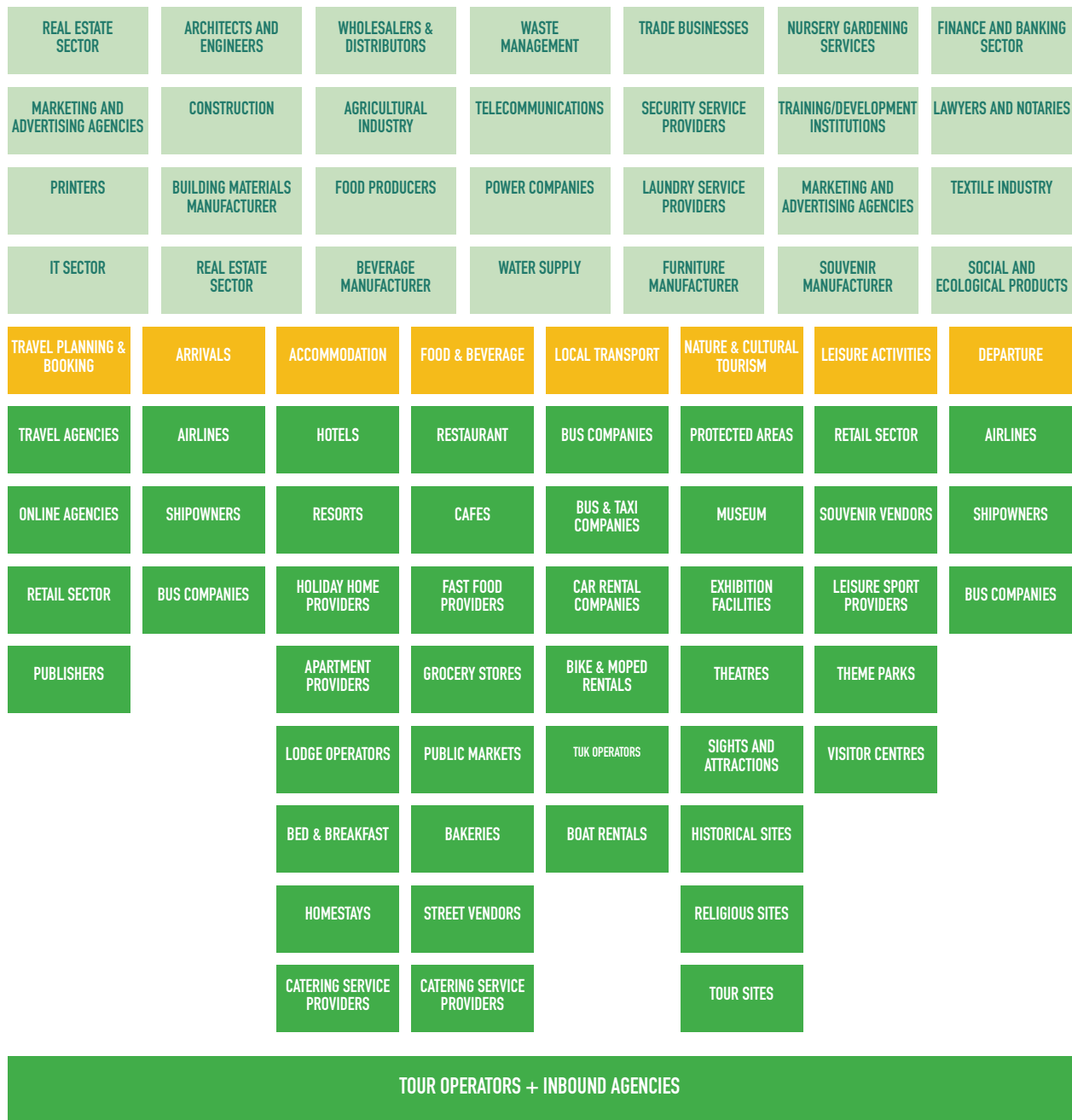
<sup>100</sup> For more information about this policy, see: <https://www.khmertimeskh.com/708509/measure-to-offset-tourism-sector-wages-amid-virus-government/>

<sup>101</sup> World Bank. 2020

<sup>102</sup> See: <https://www.google.com/covid19/mobility/>



FIGURE 21. EXAMPLE OF TOURISM SUPPLY CHAIN



Adapted from Beyer, Matthias 2014. *Tourism Planning in Development Cooperation: A Handbook*. GIZ, Bonn

## “Tourism should be part of COVID recovery plans” – UNWTO. 2020

### Tourism in Recovery

As a cross-cutting economic activity, tourism can lead a wider economic and social recovery. This has been proven by its response to past disruptions. It is a highly resilient sector and its ability to bounce back is strong. Tourism will, and should, play a key role in future recovery efforts.<sup>103,104</sup>

Cambodia can expect to see three waves of tourists post COVID-19.

#### Wave one – Domestic Tourists

The first tourists to travel around Cambodia will be domestic travelers. As of April 2020, the RGC has begun to lift the local travel bans, albeit it slowly.<sup>105</sup> It is also likely that short-haul commercial flights to China and other Association of Southeast Asian Nations (ASEAN) nations will become increasingly more available. However, land borders are still closed and there are still strict quarantine rules for people flying into the Kingdom from outside. In addition, it remains to be seen how long the RGC will continue to require health certificates and mandatory quarantines (which would deter leisure tourists).

It is safe to assume that requirements will differ from source market to source market, just as they did before the broad shut-down on March 30<sup>th</sup>, 2020.<sup>106</sup> Long-haul flights through important hubs, such as Bangkok, may not be available before the end of summer. Therefore, the first tourists to travel around Cambodia are likely to be domestic travelers, such as Cambodian citizens and expatriates living in Cambodia.

As the inter-provincial travel ban begins to be lifted, both Cambodians and expatriates living in Cambodia will start to book holidays to see the ‘empty’ Angkor Wat. However, Cambodians will probably choose to travel when the government announces the new dates for the Khmer New Year Holiday.<sup>107</sup>

#### Wave two – Chinese and Asian Tourists

The second wave of tourists is likely to come from China and other regional tourists. In 2019, 39 percent of tourist arrivals to Cambodia were Chinese tourists. During the tomb sweeping holiday (Qingming was on April 4<sup>th</sup>) in China, news outlets, such as the South China Morning Post, shared images of packed tourism attractions and restaurants – despite authorities warning citizens to stay vigilant.<sup>108</sup> This seems to suggest that people were keen to get outside after lockdown.

**103** PATA. 2020. Survey of tourism consumer groups across country to understand their willingness to travel and travel plans after the epidemic. Tourists surveyed came from 30 Chinese provinces, autonomous regions and municipalities including Beijing, Shanghai, Tianjin, Chongqing, Guangdong, Hunan, Jiangsu, Sichuan, Henan, Xinjiang and Inner Mongolia. A total of 1,252 valid questionnaires were collected.

**104** See: <https://www.unwto.org/news/covid-19-unwto-calls-on-tourism-to-be-part-of-recovery-plans>

**105** <https://www.garda.com/crisis24/news-alerts/331486/cambodia-inter-district-travel-ban-within-provinces-lifted-on-april-10-update-7>

**106** The first restrictions announced in relation to Covid-19 on March 14<sup>th</sup>, were health certificates from travelers coming from certain badly affected countries like Italy, Germany, France, Spain and the United States. That was later extended to all inbound foreign travelers.

**107** The government confirmed that workers would be given a full five days off for this re-scheduled holiday.

**108** See: <https://news.artnet.com/art-world/china-tourist-destination-flooded-with-visitors-shutdown-1825956>

An empty Angkor Wat is a tourist attraction in its own right. This provides a unique opportunity for the Cambodian tourism industry to promote and use to encourage a resurgence of visitors.

Oliver Wyman, a large consulting firm, found from a survey of Chinese travelers in March 2020 that 57 percent of those surveyed said that their first post-COVID 19 epidemic trip would be to an Asian country.<sup>109</sup> 'Getting closer to nature, safety and flexibility' were the key factors influencing their choice. In March 2020, Pacific Asian Travel Association (PATA) conducted a survey of Chinese travelers. This study found that Asian destinations are the first choice for travel abroad after the epidemic.<sup>110</sup>

However, the PATA survey also found that, in particular, Chinese travelers surveyed would consider traveling to a destination that has not experienced a severe virus situation, such as Cambodia.<sup>111</sup> The survey indicated that 45 percent of respondents said they would travel abroad in 2020 if it was possible. Regional tourists from small territories like Singapore and Hong Kong where there is a limited diversity of domestic tourism offerings, may also form a part of this second wave.

### Wave three – Western tourists

The third wave of tourists to return will be Western markets, including Europe, North America, and Latin America. COVID-19 arrived in these regions later than in Asia and this suggests that travel restrictions from these areas will also be lifted later. When travel does become possible for these regions, domestic tourism is likely to be highly promoted as a means of national

recovery. Those who usually travel on organized tours are more likely to play it safe and stay close to home in the summer. They will first need to reconnect with family and friends after the lockdown and make the most of the improved weather in the Northern Hemisphere.

The one exception might be the backpackers or independent travelers on delayed gap years or summer breaks from university.<sup>112</sup> However, this is subject to the lifting of restrictions and the resumption of flights. It is expected that Western tourists are likely to start traveling to Southeast Asia from November and December 2020.

### Flight Connections

Flight connections could be a critical issue in the recovery. It cannot be assumed that all routes will automatically resume when restrictions are eased. Countries will be working to different restrictions and timelines, so resumption may be bilateral on a route-by-route basis.

Some airlines will also not survive this crisis and marginal routes will be scrapped. Vietnam Airlines (VN) has already announced it intends to sell its 49 percent stake in Cambodia Angkor Air which may also impact on future routes subject to the operating base of the eventual new shareholder.<sup>113</sup>

<sup>109</sup> Penhirin, Jacques and Katie Sham. 2020. The online questionnaire was fielded in Mainland China in February. Oliver Wyman surveyed 1,000 travelers to understand how the COVID-19 outbreak has impacted their willingness to travel and their related preferences. Of the 1,000 respondents, 45 percent were male, and 55 percent were female; 61 percent of the respondents have a monthly income between RMB10,000 and RMB30,000 (US\$1,400 and US\$4,250).

<sup>110</sup> PATA. 2020

<sup>111</sup> Penhirin, Jacques and Katie Sham. 2020

<sup>112</sup> Students will have been out of school or college and their spending may have dropped dramatically during the lockdowns. Some may decide to use their student loans or savings for a long-haul adventure trip while tourism numbers are depressed.

<sup>113</sup> See: <https://www.khmertimeskh.com/50712484/vietnam-airlines-stake-in-cambodia-angkor-air-up-for-sale/>

Cambodia is over-reliant on regional hubs and non-Cambodian airlines and this has been exposed as a major weakness in this crisis. It would be great to see a stronger national airline emerge from the VN sale. However, it is hard to imagine any of the leading international airlines will be looking to acquire stakes in small regional airlines at this time unless VN are willing to sell at a loss.

## Environmental Threat to Protected Areas (PAs)

COVID-19 is putting increased pressure on PAs. As more people become unemployed due to the fallout of COVID-19, they are more likely to turn to the illegal wildlife trade and to change land usage to supplement incomes.<sup>114</sup> Already there is a rise in illegal incidences of wildlife poaching in Cambodian PAs where tourism has declined. Three Giant Ibis' (*Thaumatibis gigantea*), Cambodia's national bird and a protected species, were killed in April 2020 in Chhep Wildlife Sanctuary, Preah Vihear Province. The birds were killed illegally for trade in the local market and for local consumption. Additional illegal reported incidences include poaching of 100 Painted Stork (*Mycteria leucocephala*) chicks in March 2020 at Cambodia's Prek Toal Ramsar Site, and of globally threatened White-winged Duck (*Asarcornis scutulata*) and Sarus Crane (*Antigone Antigone*), as well as other species.<sup>115</sup> The Cambodia Sustainable Landscape and Ecotourism (CSLE) project has a component on PA law enforcement for which community patrolling activities could be well-aligned.

## Using Ecotourism to Support Post-COVID-19 Recovery in Cambodia

### Changing Tourist Preferences

Tourist preferences are likely to change post-COVID-19 and Cambodia needs to be ready for this. In particular,

ecotourism is expected to become a hot pick among Chinese travelers. The Oliver Wyman survey found that Chinese travelers would prefer individual rather than group modes of transportation when they travel internationally again and would be willing to spend more on local experiences. This means that **solo travel experiences** are likely to trend along with a preference for **nature-based tourism**.

This suggests that Chinese tourists will be looking for more opportunities to connect with nature and seek out experiences which enhance wellbeing and health. It also means they will be looking for local experiences, such as trying new foods.<sup>116</sup> A strong consumer trend of the increased appreciation for nature may lead to more and more travelers wishing to enjoy natural sightseeing, biking, and hiking during their trips.

### Infrastructure Development

Investments in ecotourism are green stimulus<sup>117</sup> which can create jobs immediately such as infrastructure works (hiking and walking trails) for ecotourism and stimulate economic activity. Infrastructure development for ecotourism may be an opportunity to create jobs for some of the unemployed. Short-term and immediate employment can be created through development of ecotourism infrastructure like hiking and walking trails. Activities for connectivity under the Cambodia Sustainable Landscape and Ecotourism Project (CSLE) project like road rehabilitation and construction of bridges and walkways, could be advanced to create short-term employment.

There may also be an opportunity to create short-term employment through engaging communities in protected area patrolling and monitoring.

<sup>113</sup> Source: <https://www.nationalgeographic.com/animals/2020/04/wildlife-safaris-halted-for-covid-boost-poaching-threat/>

<sup>114</sup> Source: <https://www.khmertimeskh.com/50714406/three-of-cambodias-national-bird-the-giant-ibis-killed-in-protected-area/>

<sup>115</sup> Penhirin, Jacques and Katie Sham. 2020

<sup>116</sup> Policies and measures to stimulate short-run economic activity, create conditions for long-term expansion of potential output, and enhance environmental outcomes both in the near- and longer-term.

## Cambodia's COVID-19 Policy Response

The RGC has introduced emergency intervention measures to manage the current impact in affected sectors and to ensure economic and social stability. In addition, it is implementing a COVID-19 masterplan to address the health response to the crisis.

Announced responses include:

- scaling up of existing social protection schemes through cash transfers to poor and vulnerable households
- tax relief for the tourism<sup>118</sup>, garment, footwear, and travel goods manufacturing sectors
- retraining and upskilling programs for laid-off workers in tourism, garment, footwear, and travel goods sectors
- unemployment benefits for suspended workers in garment, footwear, and travel goods sector of US\$70 per month (US\$40 paid by the Government and US\$30 paid by the factory)
- unemployment benefits for suspended workers employed in the tourism sector of 20 percent of minimum wage (paid by the Government)
- exemption of property registration tax for purchases below US\$70,000

- additional capital injection for the Rural Development Bank to support agroprocessing firms
- establishment of a new small and medium enterprise (SME) Bank designed to support SMEs through co-financing and risk sharing with commercial banks
- measures to improve the ease of doing business
- measures to improve trade facilitation, including post-audit clearance
- measures to inject liquidity into the financial sector through the temporary lowering of capital and reserve requirements as well as regulatory forbearance.

The estimated cost of the COVID-19 masterplan,<sup>119</sup> wage subsidy and training, cash for work, Rural Development Bank (RDB), and supporting poor and vulnerable households amounts to US\$504 million. The estimated cost of tax relief to the tourism, garment, footwear, travel goods and tourism sectors as well as registration tax amounts to US\$194 million. The total fiscal cost of RGC's COVID-19 policy response is therefore estimated at US\$698 million (not including social protection measures to be announced in early-to mid-May 2020).<sup>120</sup>

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<sup>118</sup> Tourism sector in this context means hotels, guesthouses, restaurants and casinos.

<sup>119</sup> Excluding USD40 million received from IDA and Asian Development Bank for the COVID-19 Master Plan.

<sup>120</sup> World Bank. 2020 [draft]



Cardamom Tented Camp | Khiri Travel Cambodia

# 8

## CREATE AN ENABLING ENVIRONMENT FOR ECOTOURISM IN CAMBODIA

**There is an opportunity for the Royal Government of Cambodia (RGC) to improve the ecotourism investment environment and make it more competitive.** However, for this to happen, the multiple challenges that constrain the development of the ecotourism sector in Cambodia need to be addressed.

**Now there is an added challenge. The massive disruption to the global economy and the tourism sector caused by the COVID-19 pandemic, means that development of Cambodia's ecotourism sector must take the impact of COVID-19 into account.** Traveler preferences may change, and hygiene standards will need to be reviewed. Plans need to be made for the recovery of the tourism sector which include a focus on opportunities for promoting ecotourism.

This section provides recommendations to the RGC for improving the enabling environment for ecotourism in Cambodia taking into consideration the COVID-19 epidemic. Ensuring this can be achieved taking into account COVID-19 will require a range of responses on:

1. Governance, regulatory and organizational measures
2. Fiscal and monetary support
3. Industry training support
4. Tourism branding and marketing
5. Health, hygiene, sanitation and service delivery.

See **Table 7** and **Annex 6: Fuller List of Recommended Strategic Actions for COVID-19 Response and Recovery in the Tourism and Ecotourism Sectors**

Recommendations for ‘building back better (BBB)’ after COVID-19 are actions that the RGC would need to do regardless of COVID. See **Table 8**. These are organized into four key interventions:

1. Establish and enforce regulations and ordinances that build partnerships
2. Strengthen institutional arrangements and capacity building for stakeholder
3. Ecotourism destination planning, management and marketing
4. Enable the private sector.

These recommendations are followed by a more detailed discussion on the range of actions needed to boost ecotourism in Cambodia and accommodate BBB to create an enabling environment for ecotourism.

## Approach Used to Develop Recommendations

The recommendations proposed are a product of discussions with government departments (Ministry of Environment (MoE), Ministry of Tourism (MoT) and Ministry of Economy and Finance (MEF); tourism tour operators; tourism industry experts including the private sector; and nongovernmental organizations (NGOs) and development partners (DPs) working in Cambodia. Global World Bank staff working on tourism and ecotourism contributed. An analysis of the Cambodian tourism sector, including existing

ecotourism operations and developments, trends helped to inform the recommendations.

In addition, the recommendations are informed by international best practice on developing ecotourism in protected areas (PAs).

## Respond Now to the COVID-19 Pandemic

The ecotourism industry in Cambodia is currently facing a significant challenge and is struggling to survive. It has virtually no clients. It is losing much of its institutional memory through staff losses. Confidence in the industry is weak and investment opportunities are limited. In addition, the status is changing by the day leaving the industry floundering in a state of the unknown.

It is possible to turn this around and ensure that measures are put into place that would help protect the industry and set it on a road to recovery on and into the future. Some of these measures overlap with strategic actions that would have been necessary regardless of COVID-19. We have reviewed the data presented in this document, along with challenges the industry faced before COVID-19. **Table 7** and **Table 8** list these recommendations within their key intervention areas and labels them according to how urgent they are.

However, four urgent actions need to be implemented now to rescue the ecotourism industry and set it towards a sustainable and successful future are:

### **Immediate Action 1:**

Develop and implement a specific communication strategy during the crisis period:

- MoT and MoE to collaborate on leading and developing a unified communication strategy.
- Details to include clear information on travel bans, and to ensure government departments, PA officials, hotel staff and tourists are all aware of the current status.
- All updates to be communicated immediately.

### **Immediate Action 2:**

Create clear rules around social distancing and group size:

- MoE, MoT and Ministry of Health (MoH) to collaborate on creating the rules around social distancing and group sizes.
- Cap the number of people at heritage sites and waterfalls to maintain appropriate social distance requirements.
- Limit or prohibit food buffets for the remainder of 2020.

### **Immediate Action 3:**

Prioritize the development of nature based, ecotourism or adventure related destination:

- In particular, promote the development of wellness, spirituality, meditation and other products. They will be in greater demand after the crisis and people will be seeking more meaning in their lives.

- This recommendation aligns with other recommendations to MoE to invest in the branding of ecotourism in Cambodia.

### **Immediate Action 4:**

Support the creation of appropriate hygiene and sanitation protocols for tour operators and guides:

- MoE, MoT, and MoH to collaborate on the creation of these measures.
- Include frequent disinfecting of equipment and temperature checks.
- Include standards for basic packages of health equipment, such as masks, thermometers, hand sanitizers.
- Create handwashing stations around heritage or popular tourism sites.



**TABLE 7. RECOMMENDED STRATEGIC ACTIONS FOR RGC FOR COVID-19 RESPONSE AND RECOVERY IN THE ECOTOURISM SECTOR**  
PLEASE NOTE: BOXES IN **YELLOW** ARE STRATEGIC ACTIONS THAT NEED IMMEDIATE ATTENTION

Key intervention areas	S.N	Recommendations	Now	Within 3 months	Within 15-18 months	Implementing Agency
1. Governance, Regulatory and Organizational Measures	1	Develop and implement a specific communication strategy during the crisis period. Details to include clear information on travel bans, and to ensure government departments, park officials, hotel staff and tourists are all aware of the current status. All updates to be immediately communicated.	X			MoT
	2	Create clear rules around social distancing and group size. This includes measures such as: (a) capping the number of people at heritage sites and waterfalls to maintain appropriate social distance requirements; (b) limiting or prohibiting food buffets for the remainder of 2020.	X			MoT; MoE; MoH
2. Destination and Products Development	3	Prioritize the development of nature based, ecotourism or adventure related destination		X		MoE
	4	Promote development of wellness, spirituality, meditation and other products as they will be in greater demand after the crisis and people will be seeking more meaning in their lives			X	MoT; MoE
3. Improving Health, Hygiene, Sanitation and Service Delivery	5	Support the creation of appropriate hygiene and sanitation protocols for tour operators and guides, including frequent disinfecting of equipment, temperature checks etc. including standards for basic packages of health equipment (masks, thermometer, hand sanitizer).		X		MoT; MoE; MoH
	6	Create handwashing stations around heritage or popular tourism sites.		X		MoE; MoT

**TABLE 8. RECOMMENDED STRATEGIC ACTIONS FOR RGC FOR IMPROVING THE ENABLING ENVIRONMENT FOR ECOTOURISM IN CAMBODIA**  
 PLEASE NOTE: BOXES IN **YELLOW** ARE STRATEGIC ACTIONS THAT NEED IMMEDIATE ATTENTION

Key intervention areas	Recommendations	Key Actions	Now	Within 3 months	Within 15-18 months	Implementing Agency
Strengthening Regulatory Framework	1 Develop new policies to address ecotourism regulatory challenges	Issue a Ministerial Prakas to provide clear operational guidelines for developing ecotourism investment projects in Protected Areas (PAs).			X	MoE
		Supervise and evaluate ecotourism contracts.		X		MoE
		Create a step-by-step guide to help the private sector navigate the various government processes for ecotourism investment projects.		X		MoE, MoT
2	Implement strategic actions for operationalizing the National EcoTourism Policy (NEP)	Develop and make available all guidelines and documents in both Khmer and in English.		X		MoE
		Identify members of the Inter-Ministerial Working group in the National Ecotourism Plan (NEP) to ensure appropriate levels of representation.	X			MoE
3	Establish a revenue management system (RMS) to improve the management of ecotourism revenues.	Clarify roles and responsibilities of the Minister of the Environment, Minister of Tourism and the managers of PAs.	X			MoT, MoE
		Develop and implement an RMS with clear guidelines for implementation.			X	MoE, MEF
		Provide guidelines for how a PA spends revenue from EIP fees.			X	MoE, MEF

Key intervention areas	Recommendations	Key Actions	Now	Within 3 months	Within 15-18 months	Implementing Agency
Strengthening Institutions and Partnership	4 Strengthen partnerships and build capacity of MoE staff for more effective oversight and management of ecotourism in PAs	Encourage strong partnerships and collaboration between communities, private ecotourism enterprises and the MoE and MoT.		X		MoE, MoT
		Introduce capacity-building training to build specific ecotourism management skills for relevant stakeholders.			X	MoE, MLVT
		Introduce training to promote the entrepreneurial and creative skills of local people and PA authorities.			X	MoE, MLVT
		Increase the availability of tourist education programs on conservation and the environment.			X	MoE
		Conduct a capacity assessment of MoE's Department of Ecotourism (DET) to identify training needed.		X		MoE
5 Strengthen MoE-DET as service provider for the Ecotourism Services Program		Build the capacity of DET-MoE and provincial staff to properly manage ecotourism with targeted training.		X		MoE
		Develop and implement an ecotourism services program at MoE.			X	MoE

Key intervention areas	Recommendations	Key Actions	Now	Within 3 months	Within 15-18 months	Implementing Agency	
Ecotourism Destination Planning and Management	6 Invest in ecotourism destination planning and development	Identify three or four ecotourism destinations to develop.	X			MoE	
		Decide on a development vision for selected destinations and develop implementation plans to facilitate ecotourism investments to achieve the development visions.			X	MoE, CDC	
		Determine current profile of foreign and domestic tourists for priority destinations and key markets for future growth.				X	MoE, CDC
		Identify infrastructures needed for these specific destinations and gaps where private sector investment would be needed.				X	MoE
	7 MOE to take responsibility for ecotourism destination management	Reorganize DET-MoE to be more fit for purpose in managing ecotourism destinations.			X		MoE
		DET-MoE to employ a private sector liaison person based in the MoE.		X			MoE
		DET-MoE to communicate closely with the private sector about their role in stronger management of ecotourism.			X		MoE
	8 Develop a vision and brand for ecotourism in the Cardamoms.	Rebrand Cambodia as more than Angkor Wat. Ecotourism should be front and center of the new image, as well as the Cambodian people and their indomitable spirit.			X		MoE, MoT
		Develop and publicize a shared vision among government for ecotourism in the Cardamoms.			X		MoE, MoT

Key intervention areas	Recommendations	Key Actions	Now	Within 3 months	Within 15-18 months	Implementing Agency
		Develop a prospectus of ecotourism products and market segments for the Cardamoms.			X	MoE, MoT
		Develop appropriate consumer marketing to support buy-in and uptake of the brand.			X	MoE, MoT
		Hire an experienced public relations (PR) company with proven track record to roll out a Chinese-language marketing campaign targeting China, Taiwan, Singapore, Hong Kong and Macau.			X	MoE
		Host annual trade marketing for linking domestic and international tourism/ ecotourism operations.			X	MoE, MoT
Enabling Private Sector	9 Build professional capacity of communities	MoE holds frequent and consistent informational meetings within community-based ecotourism (CBET) communities.		X		MoE
		Assessment of available training and capacity development opportunities in Cambodia.	X			MoE, MLVT
		Conduct a survey of the private sector working in ecotourism areas to determine the needed skills for the next generation of ecotourism employees.	X			MoE
		Develop a comprehensive program of capacity building for ecotourism services including aligning the program with a recognized global accreditation tourism curriculum.		X		MoE, MoT

Key intervention areas	Recommendations	Key Actions	Now	Within 3 months	Within 15-18 months	Implementing Agency
10	Build capacity of communities to engage in-, and provide investments for ecotourism-related values chains	Identify as part of the destination management planning complementary value chains and livelihoods that could be developed as part of the overall ecotourism destination package.			X	MoE
		Develop specific investment plans for complementary value chains that identify needed goods and infrastructure.			X	MoE
11	Invest in priority infrastructure for ecotourism development	Assess and build capacities of communities to engage in complementary value chains and livelihoods including for entering into partnerships with private sector.			X	MoE
		Develop guidelines for community-private sector partnerships including contract templates, and benefit sharing arrangements.			X	MoE
12	Organize ecotourism industry forum to ensure information sharing and feedback	Invest in urgently needed hard infrastructure such as roads, visitor centers, solid waste management facilities etc.			X	MoE, MRD
		Invest in urgently needed non-infrastructure investments such as management frameworks to provide guidance on sustainable ecotourism development initiatives.			X	MoE
12	Organize ecotourism industry forum to ensure information sharing and feedback	Develop protocol for the ecotourism industry forum in partnership with MoT.			X	MoE, MoT
		Develop financing strategy for the forum and include budget for organizing forum in DET-MoE annual budget.			X	MoE, MoT

## Strengthen Regulatory Frameworks

The issue of a shortage of regulations must be addressed urgently, such as guidelines for ecotourism development in PA. There is a serious lack of regulation and this contributes to poorly designed initiatives that result in overuse and over-exploitation of ecotourism sites. In addition, the design of infrastructure or facilities are often inappropriate, and there is a lack of environmental management plans and risk and crisis management systems. The dearth of regulations also reduces investor confidence in the sector and creates some level of job insecurity in the sector. Global best practice on developing ecotourism in PAs emphasizes strong regulation as a first order and necessary activity.<sup>121</sup>

### RECOMMENDATION 1

#### ***Develop new policies to address ecotourism regulatory challenges***

##### ***Strategic Actions:***

- Issue a Ministerial Prakas to provide clear operational guidelines for how to develop ecotourism investment projects (EIPs) in PAs
- Create a step-by-step guide to help the private sector navigate the various government processes
- Develop and make available all guidelines and documents in both Khmer and in English
- Evaluate existing ecotourism contracts and revise to align with guidelines.

Two types of legal instruments are needed to strengthen the policy and regulatory framework for ecotourism; (a) a high-level Decree that legislates for EIPs in PAs, and (b) a Ministerial Prakas that turns the legislation into operational guidance.

#### **A Royal Decree on EIPs in Protected Areas**

Currently, the Protected Areas Law does not provide any guidance or clarity on developing EIPs in PAs. This is a key gap as EIPs in PAs need special considerations

to make sure that these EIPs do not result in environmental damage.

A Royal Decree would supplement the Protected Areas Law by expanding on the broad principles and high-level requirements for how EIPs in PAs should be developed. It would benefit the development of EIPs for ecotourism and would also benefit non-timber forest product value chains along with other types of natural-resource related enterprises.

#### **A Ministerial Prakas on Ecotourism Investment Projects (EIPs)**

A Ministerial Prakas is needed to provide clear operational guidelines for how to develop EIPs in PAs. It should describe the processes for planning commercial ecotourism services, developing information leaflets and brochures, soliciting and evaluating proposals, and awarding new ecotourism EIP contracts. The guidelines should also provide references to the relevant laws, regulations, executive orders, and policies from other sources.

To ensure that the private sector has the confidence to invest, standardization and transparency of the ecotourism EIP process is needed. Therefore, it is recommended that the Prakas also includes:

- Standard EIP contract language for all of the types of contracts mentioned in the law
- Standard EIP contracts for non-facility-based activities (permits)
- Standard evaluation criteria and procedures
- Clear guidance for private sector developing ecotourism in PAs in collaboration with communities
- Procedures for developing prospectus and tender documents, such as: (a) standard practices for financial feasibility analysis and proforma analysis; (b) standard practices for environmental analysis; and (c) standard practices for market analysis.

<sup>121</sup> For best practice examples, see Spencley et al (2017) on guidelines for developing tourism in protected areas.

**TABLE 9. PROPOSED MODELS FOR ECOTOURISM DEVELOPMENT IN CAMBODIA'S PAS**

<b>Community Enterprise</b>	<ul style="list-style-type: none"> <li>• This model puts the local community at the center of the initiative through ownership and involvement in the venture's operation and management.</li> <li>• <b>The community is the main beneficiary of the initiative.</b> Examples of community enterprise are prevalent in Cambodia, frequently as a legacy after facilitating agents withdraw from ecotourism ventures set up by NGOs</li> </ul>
<b>Private Enterprise</b>	<ul style="list-style-type: none"> <li>• Private ownership of lodges, luxury tented camps or resorts in Protected Areas is also a common model for ecotourism in Cambodia, which is usually established through an EIP system.</li> <li>• This model <b>offers several forms of compensation to the government</b>, such as environmental fund, social development fund, reversion clauses upon the buildings or improvements made or the payment of a fee.</li> </ul>
<b>Community-Private Partnership</b>	<ul style="list-style-type: none"> <li>• Private sector partners can provide capital, business and marketing skills and a client base to <b>complement community assets including land, labor and local knowledge.</b> Clear contractual arrangements and taking time to develop a shared understanding of the type and level of service expected will help to ensure the relationship is satisfactory for both parties.</li> </ul>
<b>Community-Conservation Partnership</b>	<ul style="list-style-type: none"> <li>• This arrangement aims to <b>link biodiversity conservation in Protected Areas with the wellbeing of the community who are dependent on the Protected Area's resources.</b> These partnerships can be based on different forms of co-management and benefit sharing mechanisms.</li> <li>• In practice, community and conservation partnerships often lack communication, collaboration and coordination which can easily lead to a conflict of interest and mismanagement of land and natural resources within boundaries of PAs. A rigorous and practical model for future partnerships to follow is needed urgently.</li> </ul>
<b>Private-Conservation Partnership</b>	<ul style="list-style-type: none"> <li>• This is a <b>public-private partnership model.</b> The public sector manages the PAs under the jurisdiction of the MoE. Private sector actors operate the tourism initiatives, including ecotourism enterprises or private investors in EIPs.</li> <li>• The partnership framework for this model must balance public interest, conservation and the protection of local interest and market interest.</li> </ul>

The Prakas also needs to provide clarification on the best models for ecotourism including guidance on each model. See **Table 9** for descriptions of the five proposed models.

Guidelines for ecotourism development need to be disseminated to the private sector, and communication materials developed to ensure that processes are clear. A large number of applications for EIPs are currently “in process” (over 90) but without much progress. This suggests that the private sector may need help and support with some aspects of the development process.<sup>122</sup> It is recommended that MoE translates the Prakas’ guidelines into a step-by-step guide to help the private sector navigate the various government processes.

This guide would be designed to facilitate the development of infrastructure and help the EIP investor meet the deadlines and goals laid out in

the EIP contract. Overall communication on how ecotourism in PAs is proposed to be rolled-out is needed. This includes details on the types of ecotourism models that will be promoted; the roles and responsibilities of the government including the specific roles of the MoE; and the responsibilities of potential investors in EIPs.

It is also recommended that the Prakas be developed as a joint MoE and MoT (Prakas as this would leverage the expertise of MoT and help secure their partnership to support the ecotourism development in PAs. The guidelines should also be made available both in Khmer and in English.

A key consideration is the evaluation of existing contracts as this will likely need to be revised to include operating standards, facilities management, EIP investment management, and financial management.

<sup>122</sup> Personal communication with Director of Department of Ecotourism in the MoE on February 05, 2020.



## RECOMMENDATION 2

### **Implement strategic actions for operationalizing the National EcoTourism Policy (NEP)**

#### **Strategic Actions:**

- Revise the NEP to reflect diversification of ecotourism products
- Identify members of the Inter-Ministerial Working group in the NEP to ensure appropriate levels of representation
- Clarify roles and responsibilities of the Minister of the Environment, Minister of Tourism and the managers of PAs in the Inter-Ministerial Working Group Working Group.

Operationalizing the NEP, will help to ensure alignment between the proposed Prakas and the NEP. The following three strategic actions are needed to operationalize the NEP.

#### **Strategic Action 1: Revise the NEP to reflect diversification of ecotourism products**

Currently, the NEP primarily focuses on the development of resorts. However, many other opportunities exist for community-based ecotourism including homestays, guiding, cooking demonstrations, and tours. These opportunities should be explored and included in the policy. Expanding the objectives to include these types of activities would be a simple way to promote the involvement of local communities.

#### **Strategic Action 2: Identify members of the inter-Ministerial Working Group in the NEP**

The Inter-Ministerial Working Group has the responsibility to review, evaluate and decide on ecotourism projects implemented by communities or national and international organizations. It monitors the operations of ecotourism development projects. It develops regulations to manage ecotourism in a sustainable manner, and it deals with any issues occurring in ecotourism resorts.

However, the names of the titles for members of the Inter-Ministerial Working Group are not identified in the policy. The group also holds operational responsibilities, yet the policy does not specify the

staffing arrangements for fulfilling these obligations. Identifying the membership of the group by title will ensure appropriate levels of representation.

#### **Strategic Action 3: Clarify roles and responsibilities regarding the development of ecotourism activities**

The Protected Area Law and the Law on Concessions give the Minister of the Environment responsibilities related to approving ecotourism activities within PAs. This authority should be clearly stated within the Ecotourism Policy. Furthermore, the roles and responsibilities of the Minister of the Environment, the Minister of Tourism and the managers of PAs within this policy need to be clarified and the opportunities for cooperation highlighted.

More detailed recommended actions for strengthening the legal and regulatory framework as it relates to the Protected Areas Law, Law on Concessions, Land Law and NEP are detailed in **Annex 5**. Recommendations for improving the legal and regulatory framework for ecotourism.

## RECOMMENDATION 3

### **Establish a revenue management system (RMS) to improve management of ecotourism revenues**

#### **Strategic Actions:**

- Develop and implement an RMS with clear guidelines for implementation
- Provide guidelines for how a PA spends revenue from EIP fees.

An RMS needs to be established to improve the management of revenues associated with ecotourism. These revenues come from EIP fees, entry fees for PAs, parking fees, and other visitor services. A portion of the revenues from ecotourism should be reinvested in PAs to support the overall management of PAs, and the publicly owned ecotourism infrastructure there. Without revenue retention for reinvestment in a PA, PA managers have no incentive to develop income streams such as EIPs. Therefore, a well-managed RMS that promotes transparency and accountability in the collection and management of fees and helps to maximize revenue from ecotourism is needed.

An RMS will help to standardize:

- ecotourism user fees, entry and parking fees
- procedures for collecting fees including monitoring and reporting
- accountability and transparency measures for fees
- procedures for use of ecotourism fees (including fees from EIPs) for PAs management and management of publicly owned ecotourism infrastructure in PAs.

The RMS should build on existing legislation that guides how tourism fees should be used.<sup>123</sup> The RMS should be structured to make sure that PAs generating the most revenue receive proportional reinvestment. The RMS will also enable tracking of revenue flows and have the ability to project revenue flows. As part of the RMS the roles and responsibilities of MoE and Protected Area Authority in managing the ecotourism revenue system will be detailed. The guidelines for the revenue management system will be included in the new Prakas and will stipulate how a PA may spend revenue from EIP fees.

It is recommended that the Department of Ecotourism of MoE (DET-MoE) manage the RMS. **However, close collaboration is needed between the MEF, MoT, and the PA Authorities to develop the RMS, as it is likely that a joint MEF, MoE, MoT Prakas may be needed for the RMS.** MoE's financial unit will also be tasked to support the RMS on invoicing, receipt and banking of funds.

### Strengthen Institutions and Partnerships

Effective institutions are critical to the development of the ecotourism sector. As much as possible, existing institutions should be strengthened or built upon instead of creating new ones. Two key institutions for strengthening are the DET-MoE, and the inter-ministerial working group for ecotourism established

under the NEP. Existing ecotourism initiatives have established multi-stakeholder institutions set up in PAs which have been instrumental in producing local-level environmental management plans. These plans hold the key to more sustainable ecotourism development in PAs. Proper institutional backing and coordination between stakeholders can facilitate the creation of local and community-level regulations and ordinances to ensure the distribution of benefits from ecotourism to Protected Area management and community development.

#### RECOMMENDATION 4

**Strengthen partnerships and build capacity of MoE staff for more effective oversight and management of ecotourism in PAs**

##### Strategic Actions:

- Encourage strong partnerships and collaboration between communities, private ecotourism enterprises and the MoE and MoT
- Introduce capacity-building training to build specific ecotourism management skills for relevant stakeholders
- Introduce training to promote the entrepreneurial and creative skills of local people and PA authorities
- Increase the availability of tourist education programs on conservation and the environment
- Conduct a capacity assessment of MoE's Department of Ecotourism to identify training needed
- Build the capacity of MoE and provincial staff to properly manage ecotourism with targeted training.

<sup>123</sup> MEF and MoT Joint Prakas No. 998 SHV.PrK dated December 29, 2012 on 'Provision of Rewards' provides guidance on how tourism revenues are to be used by the central and provincial governments. This Prakas does not provide details about undertaking tourism in PAs, and accordingly how tourism revenues should be used for PA management. This underscores the need for an RMS that will provide guidance on the use of ecotourism fees for PA management.

## Partnerships

Strong partnerships positively contribute to ecotourism and community-based ecotourism initiatives and achieve their social and environmental objectives. Cooperation between communities, private ecotourism enterprises (see **Box 3**) as well as authorities in the PA and ecotourism sector (predominantly the MoE and the MoT) needs to be encouraged. This would reduce conflict and increase collaboration between them. It would also encourage the sharing of knowledge and build political will.

Partnerships can promote collaboration between different stakeholders by creating plans and establishing organizations dedicated to ecotourism development. Effective partnerships are also critical to the management of PAs. These partnerships will help to overcome challenges facing ecotourism in Cambodia's PAs including issues of overuse and over-exploitation, low low-quality products and services, lack of access to market, and limited coordination. The arrangements for partnerships should be included in the proposed Prakas (see **Recommendation 1**).

## Capacity Building

Capacity-building training aimed at building specific ecotourism management skills for relevant stakeholders will support the effectiveness of these partnerships. In addition, training to promote the entrepreneurial and creative skills of local people and Protected Area authorities will assist them to meet the diversifying needs of the ecotourism sector.

Increasing the availability of programs to educate tourists on conservation and environmentally and socially responsible action would help to address the non-institutional aspects of overuse, such as improper disposal of waste.

Capacity of MoE and provincial staff to properly manage ecotourism also needs to be developed with targeted training. An assessment of the staffing needs for managing the ecotourism program should include a program Manager, project development team members, finance team members, operations and planning team members, facility management team members, and legal advisor(s).

## BOX 3. PROPOSED MODELS OF COMMUNITY AND PRIVATE SECTOR PARTNERSHIPS

### Types of Private-Community Partnerships

Models of partnerships between private enterprises and local communities can include:

- A private lodge or resort is built in a CBET site but is operated privately. The private operator agrees to voluntarily share a mutually agreed upon portion of their revenue with the CBET community
- A lodge or resort is run as a joint venture and partnership between a private investor and the local community. The private investor builds and operates the lodge or resort.

However, the contractual relationship is with the CBET community, which makes a recognized contribution to the enterprise in return for a share of the financial and other benefits.

There is often a marketing partnership between a tour operator and CBET operator. Tour operators are considered essential because of their market expertise and experience. They act as facilitators, marketing intermediaries, and product development advisors for CBET development. The poor marketing capability of local entrepreneurs, made worse by the remoteness and limited resources of the entrepreneurship, challenges the CBET to market their business independently.

These staff will need to have the following fundamental competencies:

- An understanding of the legal and regulatory framework for ecotourism
- Monitoring and evaluation skills
- The ability to collect data and analyze it
- The ability to run customer service
- Knowledge of how to run a business
- Negotiation and collaboration skills
- Asset (facility) management.

A key recommended first step is to conduct of a capacity assessment of DET-MoT against these fundamental competencies. It will be necessary for MoE to work with MLVT in the design and implementation of the institutional capacity building.

#### RECOMMENDATION 5

##### ***Strengthen DET-MoE as service provider for the Ecotourism Services Program (ESP)***

###### ***Strategic Action:***

- Develop and implement an Ecotourism Services Program (ESP) at MoE.

As a service provider for the Ecotourism Services Program (ESP) MoE will help to make the EIP investing process easier and seamless for investors in procedures such as applying for permits. This will provide a more enabling environment for ecotourism. Helping investors in EIPs navigate some of the more difficult government processes can speed up the development time of EIP infrastructure projects.

The main objective of ESP would be to deliver services required by the private sector for developing ecotourism operations in PAs in Cambodia. The ESP will be designed to make available under one roof ecotourism investment project (EIP) services that are effective, efficient, transparent, accountable, timely, reliable, and inexpensive. It will be important therefore that MoE works closely with the Ministry of Interior (MoI), MRD, Ministry of Land Management Urban Planning and Construction (MLMUPC), and provincial governments, and these arms of government

are responsible for various permits needed for ecotourism development.

By bringing ecotourism services together under a single office, bureaucracy is reduced and there are less delays in the process of permits and the approval process required at the various government levels. It will also reduce the information barriers that private sector face when developing ecotourism, will standardize fees, will promote transparency for accessing permits and licenses associated with ecotourism, and will strengthen the management by the MoE for ecotourism development in Cambodia.

**Box 4** provides more information on the proposed ESP.

### **Strengthen Ecotourism Destination Planning, Management and Marketing**

Planning ecotourism destinations is a necessary first step for organizing ecotourism development and improving the quality of services that are provided for ecotourism in Protected Areas.

Destination planning will help to ensure:

- inclusive growth by better development and protection of key assets, and through improved use and redistribution of tourism revenues
- ecotourism development aligns with the goals of the PA where ecotourism is being developed
- a clear vision for how to implement ecotourism is articulated
- an action plan for implementing this vision is developed
- the necessary infrastructure for ecotourism services is identified
- connectivity infrastructure is in place that would help to develop innovative multi-destination itineraries that integrate a variety of visitor experiences across a region or zone, based on a variety of themes and primary travel motivations. (Connecting destinations with each other and with

## BOX 4. AN ECOTOURISM SERVICES PROGRAM IN CAMBODIA

### Ecotourism Services Program

The role, services and management of the ESP.

1. Provide information on ecotourism development in PAs including:

- The geographic areas prioritized for ecotourism development
- Processes and fees for securing EIPs
- Processes and fees for permits and licenses
- Incentives provided by the government for potential investors into EIPs
- Environmental and other requirements
- Communities where there is strong potential for partnerships.

2. Support investors on the overall process of setting up EIPs

This includes obtaining the required permits, especially where other Ministries are involved in granting permits. Potential investors will provide the required information to ESP, which will facilitate the liaising with other ministries. Reducing the overall time for accessing permits will be a key feature of the ESP.

3. Management of ecotourism investment projects (EIPs)

The ESP will oversee the management of EIPs, including ensuring that these are being implemented according to their agreed terms of reference. They will also ensure that EIPs that

are operating in violation of the terms of their permits are appropriately dealt. Cancellation of EIPs should be a last resort measure.

It is also suggested that the first iteration of the ESP is managed centrally by MoE. However, after that the ESP should be managed by the DET-MoE.

Eventually, there need to be ESPs sitting at provincial level too. To support this decentralization process, capacity development and training will need to be provided to DET-MoE staff to manage the ESPs and the provincial staff on the ESPs.

4. Government department collaboration

ESPs will require the DET-MoE to participate closely with other Ministries that provide services relevant to setting up ecotourism enterprises. These include the:

- Ministry of Interior
- Ministry of Tourism
- Ministry of Rural Development
- Ministry of Land Management, Urban Planning, and Construction.

DET-MoE will also need to work closely with local government offices. It is recommended that memorandums of understanding (MoUs) are established with these Ministries and local government offices in order to ensure a commitment to service provision.

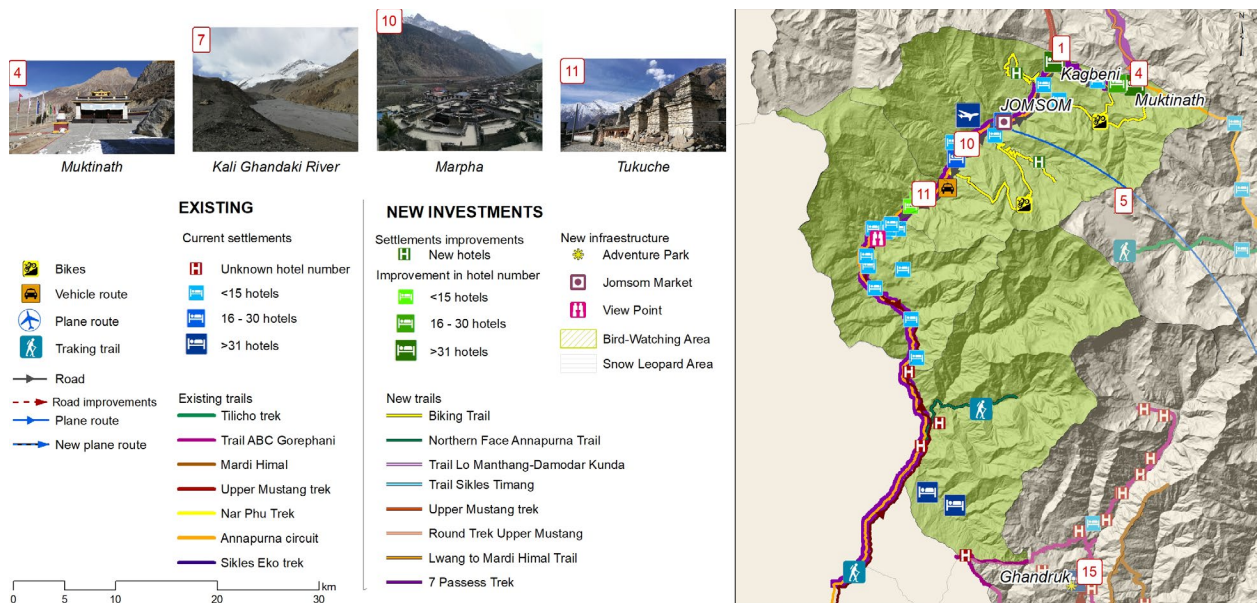
the main urban centers like Phnom Penh, Koh Konh and Siem Reap will act as gateways to other tourist destinations to enhance connectivity)

- high quality ecotourism products are identified and developed

- spatial planning for ecotourism development is used providing well-defined areas for private sector investors, and community groups.

An example of a destination management plan for tourism development in the Lower Mustang Valley of Nepal is provided in **Figure 22**. The plan is guiding the Nepal government on tourism investments.

**FIGURE 22. EXAMPLE OF TOURISM DESTINATION PLAN FROM LOWER MUSTANG VALLEY NEPAL**



Source: METCON Consultants 2019. Development Vision and Investment Plans for Annapurna Conservation Area

## RECOMMENDATION 6

### **Invest in ecotourism destination planning and development**

#### **Strategic Actions:**

- Identify three or four ecotourism destinations to develop
- Decide on a development vision for selected destinations and develop implementation plans to facilitate ecotourism investments to achieve the development visions
- Determine current profile of foreign and domestic tourists for priority destinations and key markets for future growth
- Identify infrastructures needed for these specific destinations and gaps where private sector investment would be needed.

It is recommended that MoE invests in developing three or four ecotourism destinations. The key steps for destination planning:

1. Identify potential destinations using multiple criteria important for ecotourism development

and consultation with industry experts. MoE will need to work closely with the Council for Development of Cambodia (CDC) and MoT on the spatial planning of the destinations.

2. Establish the current profile of foreign and domestic tourists in the priority destinations (such as market of origin, destination preferences, length of stay, and expenditure patterns). The objective of the market analysis is to achieve a strong understanding of different constituents through research and analysis prior to engaging in marketing strategies.<sup>124</sup>
3. Identify the key target markets for future growth.
4. Identify infrastructures needed for specific destinations, where there are skills gaps and where private sector investments would be useful.
5. Determine the development options and a preferred development vision for the selected destinations.
6. Develop a visitor management system, considering issues like carrying capacity of the landscape, allowable activities, and standards of quality. Best practice guidance on developing a robust

visitor management system in PAs is provided by International Union for the Conservation of Nature (IUCN).<sup>125</sup>

7. Develop detailed implementation plans to facilitate CBET, private sector sustainable and qualitative investments, public private partnerships, infrastructure investment, environmental protection and governance to achieve this preferred development vision.

The World Bank's Technical Assistance (TA) supported the RGC to undertake an ecotourism analysis to identify potential ecotourism destinations in Cambodia's Cardamom Mountains and Tonle Sap

<sup>125</sup> See Leung et al. 2018

<sup>126</sup> Baromey, Neth. 2020 [Draft]

landscape (CMTS).<sup>126</sup> The analysis included stakeholder consultation with government, development partners and the private sector to discuss the priority ecotourism areas. A geospatial multiple criteria decision approach (MCDA) was applied to bring together relevant data and information (criteria) for identifying the most suitable areas in the CMTS for ecotourism development. See **Box 5**.

The work identified three potential ecotourism destinations (See **Figure 23**):

1. Koh Kong province
2. Siem Reap province (Kulen-Tonle Sap)
3. Phnom Aural Protected Area

## BOX 5. MAPPING AND PRIORITIZING ECOTOURISM DESTINATIONS IN CAMBODIA'S CARDAMOM MOUNTAIN-TONLE SAP LANDSCAPE

### Mapping and Prioritizing Sites for Ecotourism Development

#### Process

The four main steps used for mapping and prioritizing ecotourism development included:

1. Identification of criteria and clusters for evaluating the suitability of sites for ecotourism development and investment.
2. Collection of spatial data and developing geographic information system (GIS) data layers.
3. Multiple criteria decision analysis (MCDA) in GIS focusing on standardization, weighting using Analytic Hierarchy Process (AHP) and summary analysis of all critical criteria.
4. Reviewing spatial analysis using sensitivity analysis and stakeholder consultations.

#### Criteria

Ten main criteria were used for analysis:

1. Accessibility (elevation, slope, distance from roads)

2. Attractiveness (scenic value, aesthetic value)
3. Land use and tenure (forest cover; state ownership)
4. Sensitivity (ecological and political) of location
5. Access to services (electricity, telecommunications)
6. Existing ecotourism sites
7. Socioeconomic (community access and poverty)
8. Market demand (seasonality, government priority and existing visitors)
9. Biodiversity (wildlife and species diversity)
10. Diversity of ecotourism offerings

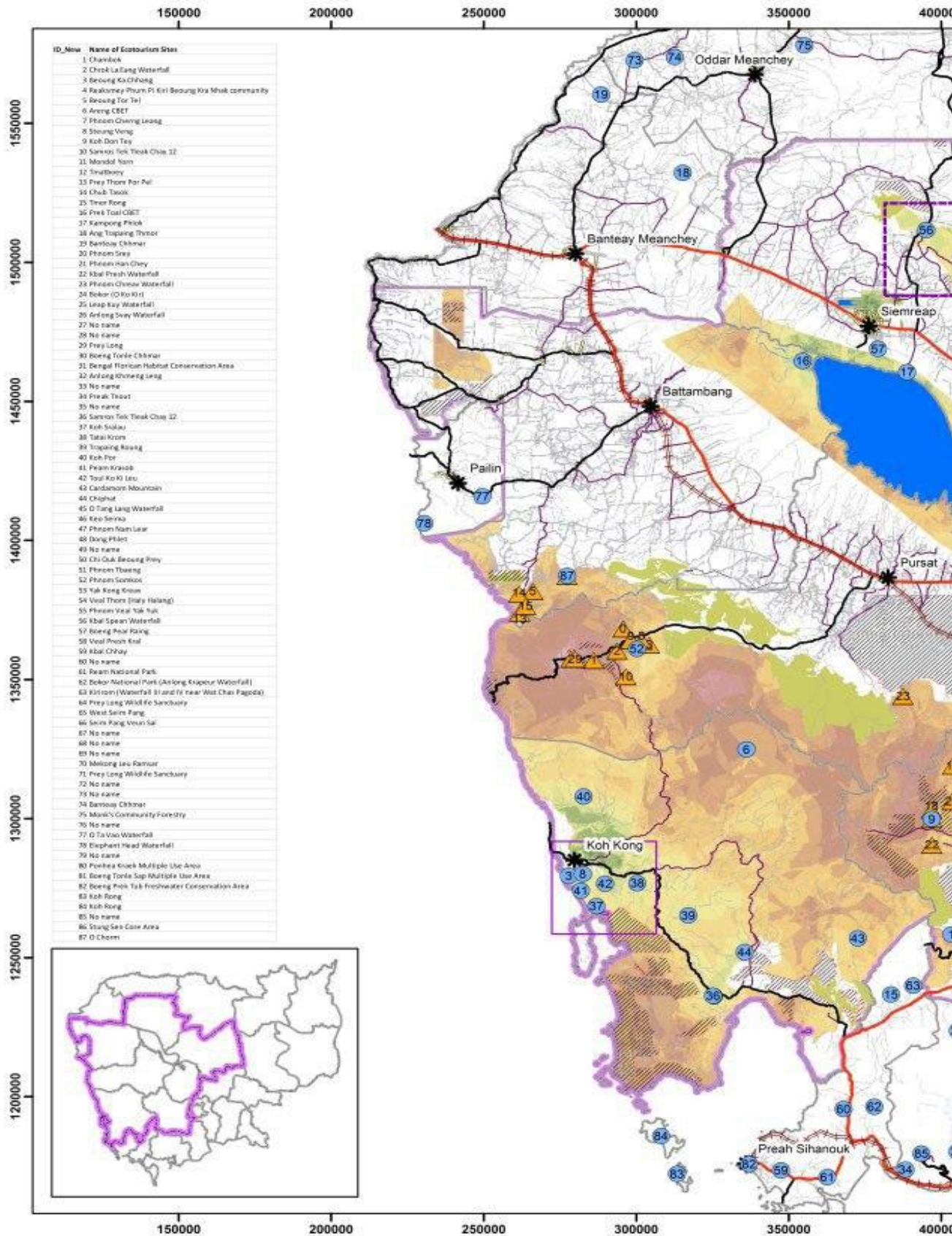
#### Results

The analysis developed a map showing the most suitable sites for potential ecotourism development in the CMTS. See: **Figure 24**. The green areas are the most suitable.

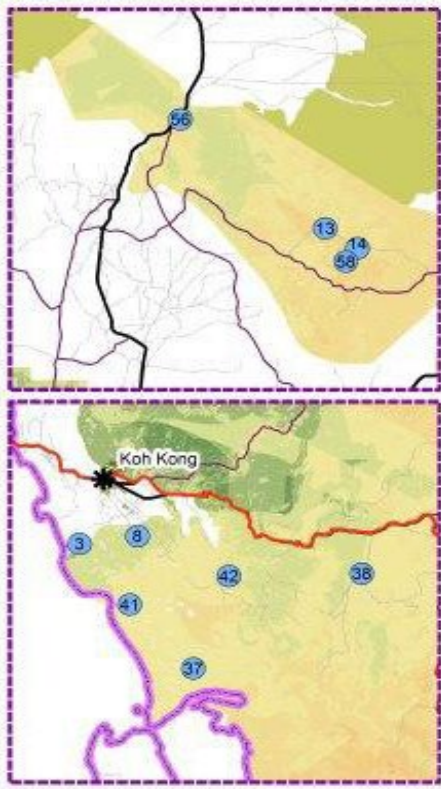
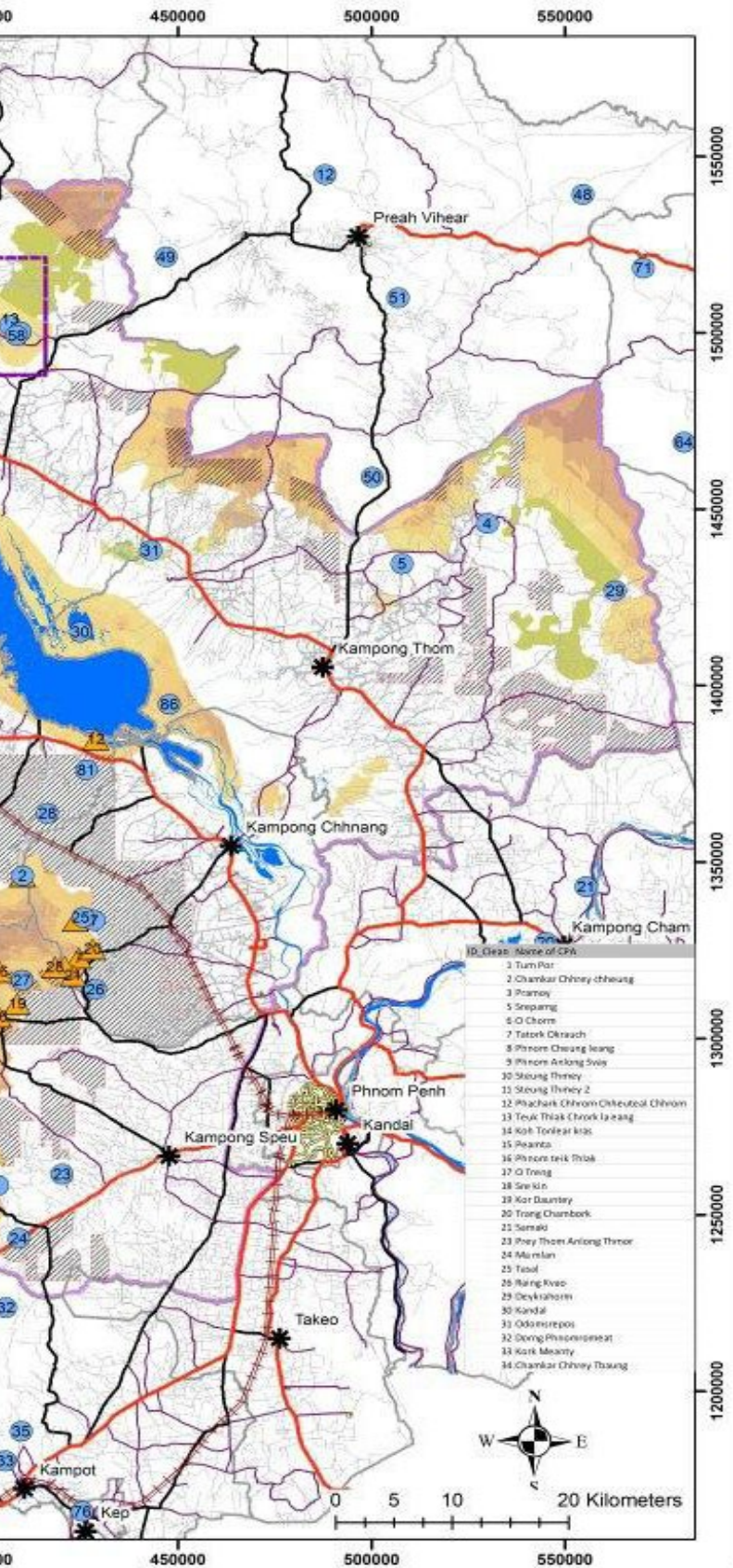
These maps were then verified through consultations with tourism industry experts and the ecotourism private sector.

Neth Baromey

FIGURE 23. MAPPING PRIORITY AREAS FOR ECOTOURISM DEVELOPMENT





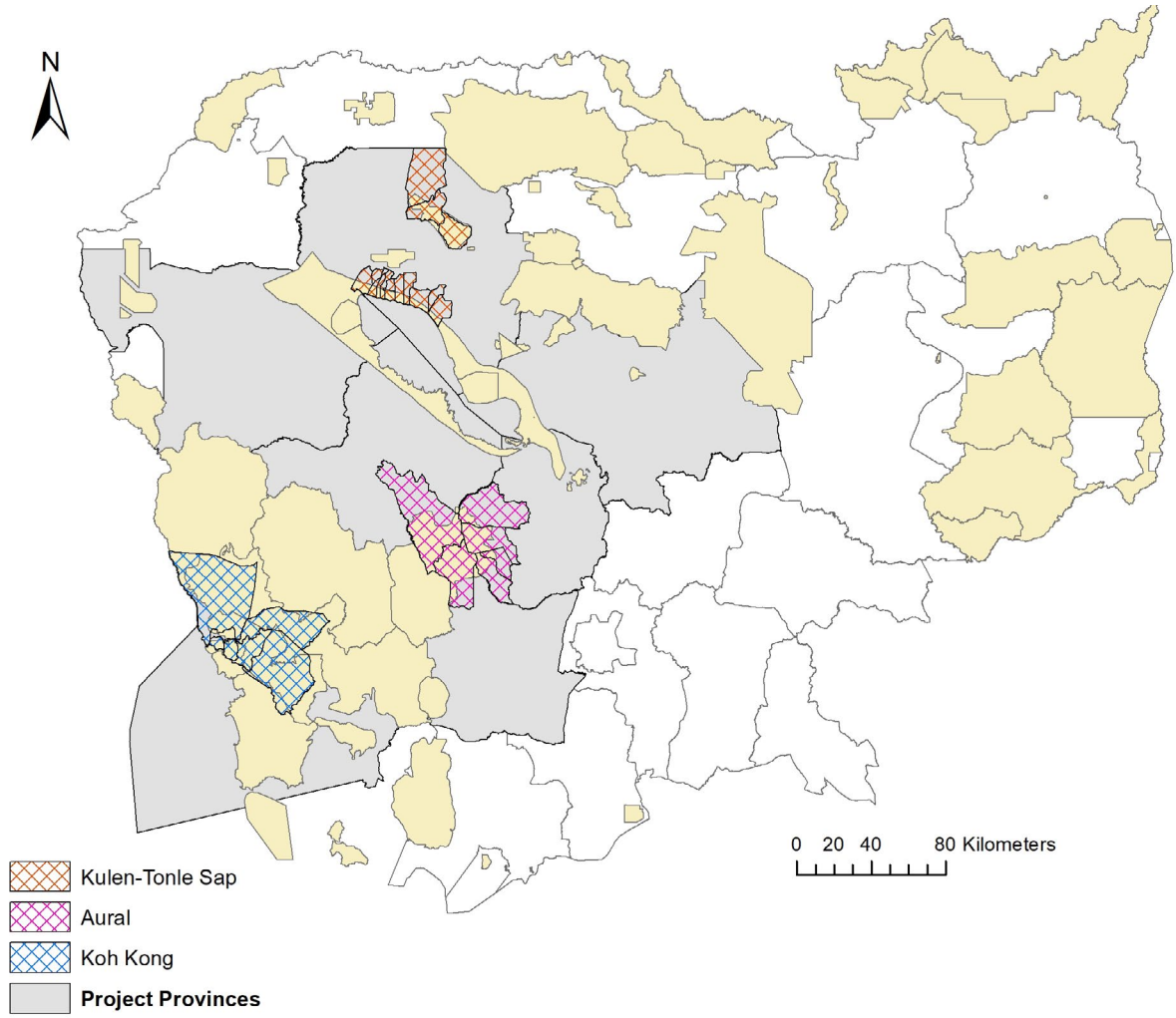


**Legend**

- Existing Potential Ecotourism Sites 2019
  - ▲ CPA 2018
  - ★ Provincial
  - Railway
- Road Network**
- National Road
  - Secondary National Road
  - Provincial Road
  - City Road
  - Rural Road
  - Rural Road (MRD, 2018)
  - Province boundary
  - Economic Land Concession
  - Biodiversity Corridor
  - Target Boundary
- Ecotourism Site Potential Legend**
- 90 - 100
  - 80 - 90
  - 70 - 80
  - 60 - 70
  - 50 - 60
  - 40 - 50
  - 30 - 40
  - 20 - 30
  - 10 - 20
  - 0 - 10
  - 0

Text Scale : 1:1 500 000  
 Page Layout : A4 Landscape  
 Date: Sunday, March 10, 2019

FIGURE 24. PROPOSED ECOTOURISM DESTINATIONS IN THE CMTS LANDSCAPE



Source: Baromey, Neth. 2020 [Draft]

## RECOMMENDATION 7

### **MOE to take responsibility for ecotourism destination management**

#### **Strategic Actions:**

- Reorganize DET-MoE to be better equipped to manage ecotourism destinations
- DET-MoE to employ a private sector liaison person based in the MoE
- DET-MoE to communicate closely with the private sector about their role in stronger management of ecotourism.

The MoE will have ultimate responsibility on how ecotourism is developed and managed in the PAs. The process of the destination planning, and revenue management described earlier will help MoE put in place the measures needed to effectively manage the ecotourism destinations.

The new regulations for ecotourism also recommended earlier will help to clarify many of the destination management details. In addition, developing the skills and capacity of MoE staff will enhance their ability to effectively manage destinations.

There are a few destination management companies already operating in Cambodia and some of the destination management functions could be outsourced to one of these private companies. However, the overall responsibility of the destination should remain with MoE.

Nonetheless, working closely with the private sector on destination management is crucial.

MoE should consider having a private sector liaison in MoE who can provide dedicated time to managing relationships with the private sector. MoE will need to inform the private sector about this position, through a e-newsletter and communication through CAM DMC, Cambodia Tourism Federation (CTF) and Cambodia Association of Travel Agents (CATA).

## RECOMMENDATION 8

### **Develop a vision and brand for ecotourism in the Cardamom Mountains**

#### **Strategic Actions:**

- Develop and publicize a shared vision among government for ecotourism in the Cardamoms
- Rebrand Cambodia as more than Angkor Wat. Ecotourism should be front and center of the new brand, as well as the Cambodian people and their strong and resilient spirit
- Develop a prospectus of ecotourism products and market segments for the Cardamoms
- Develop appropriate consumer marketing to support buy-in and uptake of the brand
- Hire an experienced PR company with proven track record to roll out a Chinese-language marketing campaign targeting China, Taiwan, Singapore, Hong Kong and Macau
- Host annual trade marketing for linking domestic and international tourism and ecotourism operations.

A vision is critical for any tourism destination, as it helps to define the scope of what the destination can offer and build brand promise. Having a brand promise of high-quality ecotourism destinations and services in Cambodia will allow travelers to build certain expectations for ecotourism that can be leveraged with good marketing. The tourism brand for Cambodia is Angkor Wat. It is what the country is known for. Developing ecotourism as a key subsector will require developing a different but also complementary brand to Angkor Wat.

Internationally, examples of successful branding that promote high-quality but low-intensive experiences already exist. A good example is the Kruger National Park in South Africa. See **Box 6**.

## BOX 6. BRAND IDENTITY OF KRUGER NATIONAL PARK



The Kruger National Park (KNP) in South Africa is internationally known as a wildlife tourism destination. Its brand contains the text *Siyabona Africa* and includes images of iconic African wildlife like lion, rhinoceros, leopard, and elephant.

'Escape' and 'nostalgia' are what motivates visitors to go there, and the park authority (SANParks) have designed an experience around these two concepts. The idea of conservation is also a key component of the brand and as such KNP has been developed as a low-intensive but high-value experience.

Although SANPark expects visitors to KNP to double in the next 11 years, it has no plans to double roads or accommodation. This is in keeping with the overall brand identity of the Park.

Source: Brett, 2018<sup>27</sup> and <http://www.krugerpark.co.za/>

While there are several existing ecotourism development initiatives taking place across the country, including in the Cardamoms, there is no cohesive vision to unite them all. Yet, private sector investors need to understand how their potential projects fit into a national level vision for ecotourism. A vision for ecotourism in the Cardamom mountains and developing a tourism brand for the Cardamoms needs to be developed.

DET-MoE is expected to lead the vision and branding and will need to work closely with MoT and Ministry of Commerce (MoC), to ensure that this is successful.

### **Importance of Market Research**

Strong market research will be needed to develop the ecotourism vision and brand, and for destination planning. Reliable market data about target markets is not easily available to ecotourism investors (or the general tourism industry). Investing in good market research will help investors make informed decisions about the development and placement of new ecotourism products and services. There may also be an opportunity to collaborate regionally, within the Mekong countries and ASEAN countries. This will build an improved understanding of the requirements of ecotourists wanting to visit Southeast Asia.

## **Enabling Private Sector**

For the sustainable development of ecotourism to happen, it is critical that the private sector is able to grow tourism and invest in the sector. The private sector is the most crucial partner a government has to develop tourism. Its role in tourism is to develop and operate tourism facilities and services for tourists. Consultations with private sector tourism operators and an assessment of regional tourism experiences identified the following recommendations to enable private sector participation in the development of ecotourism.

### **RECOMMENDATION 9**

#### ***Build professional capacity of communities as ecotourism service providers***

##### ***Strategic Actions:***

- MoE holds frequent and consistent informational meetings within CBET communities
- These briefings should include information about:
  - » the various investment models
  - » the benefits of welcoming a private sector investor
  - » the disadvantages and impacts that increased tourism brings

- Assessment of available training and capacity development opportunities in Cambodia
- Conduct a survey of the private sector working in ecotourism areas to determine the needed skills for the next generation of ecotourism employees
- Develop an internationally accredited comprehensive program of capacity building and skills training for ecotourism services.

A major barrier to developing products and services within CBET areas is the lack of preparedness of the host communities. It is common for communities to lack understanding and knowledge about potential partnership models. It is also common for them to fear these partnerships thinking they will lose rights or lands to incoming investors. Communities need to be better informed equipping them to make improved decisions. In turn, private sector confidence will increase if they know communities have been briefed.

Staff capacity, a lack of training and retaining staff is a challenge for private sector operators. However, developing the professional skills of people in local communities to provide ecotourism services solves these issues and expands job opportunities at the same time.

Currently, there is a lack of an organized curriculum of training opportunities available to meet the needs of the industry and facilitate career progression for employees. This is a priority area that needs urgent investment and organization by MoE and MoT. First, a stock take is needed of the training and capacity building opportunities that are currently available. In addition, the private sector should be surveyed to identify the skills needed in the future for ecotourism employees. These assessments will provide the information needed to develop a skills development program with a curriculum that:

1. Aligns with a recognized global accreditation tourism curriculum that can enable employees to receive a certified qualification. This will be an investment in human capital in Cambodia. It will provide ecotourism employees with more skills, make them more competitive, provide them with higher income earning potential, and will create incentives for labor to stay in the sector.

2. Will benefit both the communities and the industry.

## RECOMMENDATION 10

### ***Build capacity of communities to engage in-, and provide investments for ecotourism-related values chains***

These ecotourism-related value chains are likely to include agriculture/ food and beverage for private ecotourism operations, souvenirs and high value premium non-timber forest products, local transportation, and gardening/ landscape services.

#### ***Strategic Actions:***

- Identify as part of the destination management planning complementary value chains and livelihoods that could be developed as part of the overall ecotourism destination package
- Develop specific investment plans for complementary value chains that identify needed goods and infrastructure
- Assess and build capacities of communities to engage in complementary value chains and livelihoods including for entering into partnerships with private sector
- Develop guidelines for community-private sector partnerships including contract templates, and benefit sharing arrangements.

## RECOMMENDATION 11

### ***Invest in priority infrastructure for ecotourism development***

#### ***Strategic Actions:***

- Invest in urgently needed hard infrastructure such as roads, visitor centers, solid waste management facilities etc.
- Invest in urgently needed non-infrastructure investments such as management frameworks to provide guidance on sustainable ecotourism development initiatives.

Investments for ecotourism development should be identified during destination planning, but there are a set of no-regret investments that could already be considered for ecotourism development. Investments are recommended to be designed in a way that promote environmental outcomes and inclusivity. Infrastructure should be designed to promote energy and water efficiency, and where possible green construction materials used.

Investments are included in **Table 10** and are organized in three categories:

**1. Urgent:** Facilities or regulations that are critical to ensuring a positive experience in the Protected Area with minimal or no risk to visitors or the natural environment.

**2. Moderate:** Investments that are essential facilities that contribute to minimize risk to humans and the natural environment.

**3. Necessary:** Site specific needs or investments already partially in place as a legacy of previous tourism activities.

Management of infrastructure, operation and maintenance procedures and budget should also be thought through prior to developing infrastructure. Community-management of infrastructure such as washrooms could be considered as a means of building local ownership and equity.

It is expected that MoE will partner with Ministry of Rural Development (MRD) to implement needed infrastructures.

**TABLE 10. PRIORITY INVESTMENTS IN INFRASTRUCTURE AND NON-INFRASTRUCTURE TO ENABLE ECOTOURISM DEVELOPMENT**

Priority Investment in Hard Infrastructure		
<b>Urgent</b>	Suitable access roads and boat docks	Existing access roads are poorly maintained and may be inaccessible in the rainy season or force the use of off-road vehicles which is damaging to the natural environment. To minimize risks to visitors and nature, roads and boat docks should be built and maintained.
	Visitor or information centers	Visitor or information centers educate and motivate to participate in conservation as well as to enjoy the planned activities. Information will help visitors to safely enjoy the site and will be specific to each location.
	Interpretive paths, signage and circuits	Paths are very important in order to facilitate movement within the area while protecting natural resources and providing the ecotourist with an educational and exciting experience.
	Pay-toll facilities at the entrance	Where visitor numbers allow, facilities should be constructed to collect pay per use fee as well as monitoring visitor numbers.
	Solid waste management facilities	Solid waste management should be based on the principles of reducing waste production, reusing where feasible, and recycling as much as possible. This will require capacity building training for staff and local communities as well as the construction of appropriate facilities.
	Clean water supply facilities	Construction of basic water infrastructure such as wells, tub/pump wells, water storage tanks with filters, etc. for local communities and for visitors is essential.
	Nature-based lodging and toilet facilities	Options for accommodation should be considered to offer a range of appropriate choices. These may include on and off-site lodgings, homestay or eco-lodge. Accommodation must provide appropriate sanitary facilities and minimize impact on the natural environment.
<b>Moderate</b>	Construction of sewage system	At least a small-scale sewage system (e.g. French drainage) should be built in order to accommodate wastewater discharge from both local households and tourist facilities (i.e. restaurant or campsite) to avoid pollution of surface and underground water.
	Energy efficiency facilities and systems	Energy options such as solar and biofuel should be adopted where possible. Artificial lighting should be minimized to avoid disturbance to wildlife.
<b>Needed</b>	Site specific: e.g. parking, wildlife viewing	Amenities for enhancing ecotourism activities and experiences, conservation and facilities that prevent risks to both human and natural areas can be considered. This may include education and recreation facilities.

Priority Investments in Non-Infrastructure		
<b>Urgent</b>	Improve management frameworks for sustainable PA management	Of utmost importance is the development of management frameworks that provide guidance for sustainable ecotourism development initiatives. They include, but are not limited to: <ul style="list-style-type: none"> <li>Protected Area Land registration, boundary demarcation and zoning</li> <li>Management plan (strategic and action plans included)</li> <li>Necessary guidelines</li> <li>Monitoring and evaluation tools</li> <li>Ecotourism handbook for Protected Areas.</li> </ul>
<b>Moderate</b>	Capacity building for relevant stakeholders (Ministry of Environment officers and Protect Area management, rangers, ecotourism investors in EIPs, community-based initiative facilitating NGOs, management committees, communities	Capacity may include: <ul style="list-style-type: none"> <li>PA and CPA management</li> <li>relevant legal, policy and regulatory frameworks</li> <li>hospitality skills trainings</li> <li>ecotourism entrepreneurship</li> <li>environmental management</li> <li>green standardization and eco-certification</li> <li>language and communication skills.</li> </ul>
<b>Needed</b>	PA ecotourism knowledge management platform	The sector would benefit from the establishment of an accessible knowledge management platform to enable policymakers, practitioners, researchers, private sector, civil society and communities, to access and retrieve obligatory and applicable rules, regulations, and guidelines.  This could include a website to serve as the 'go-to' resource for all things related to sustainable and socially responsible ecotourism globally, regionally or in Cambodia.

## RECOMMENDATION 12

### **Organize an ecotourism industry forum to ensure information sharing and feedback**

#### **Strategic Actions:**

- Set up an ecotourism industry forum
- Use the forum:
  - » to showcase investment opportunities in PAs
  - » for the private sector to advise on investment needs
  - » to share laws, policies and guidelines on investment opportunities
- Ensure the forum meets regularly
- Designate one person from the MoE to facilitate the public and private sector cooperation.

An Ecotourism Industry Forum allows the government to showcase investment opportunities available in Protected Areas and for the private sector to advise

government officials regarding investment needs. The Government can also share information related to the laws, regulations, guidelines and procedures governing those opportunities. A regular forum to collect feedback from the private sector will ensure concerns are heard and addressed.

There are currently three major private sector groups or associations that actively meet in Cambodia: Cambodia Destination Management Company (CAM DMC), Cambodia Association of Travel Agents (CATA), and Cambodia Tourism Federation (CTF). In addition to a representative from the hotel association and the guide association, a representative from each group should be invited to join the forum. This exchange will promote a collaborative relationship between the public and private sector.

As the MoT undertakes an annual tourism forum, it would be strategic to associate the ecotourism forum with this. One suggestion is to add an extra half-day or one day to the forum to focus on ecotourism. The designated private sector liaison at DET-MoE can help to facilitate this cooperation.

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# ANNEXES

## ANNEX 1. OPPORTUNITIES AND CHALLENGES FOR ECOTOURISM IN PAS

OPPORTUNITIES	CHALLENGES
Building a constituency of support for the conservation of nature through protected areas by providing outstanding and interpreted experiences that communicate the many values of protected areas.	Protected areas (PAs) become simply another 'commodity' or resource to be exploited by an industry that is more interested in profits, access and providing new experiences than supporting conservation.
Actively contributing to conservation through involving visitors in management tasks and direct contributions of finance (e.g., visitor fees, concession fees, etc.) or other in-kind support to management.	Ecotourism interests actively undermine good management by pressing for uses, benefits or access that are detrimental to the conservation or cultural goals of the protected area.
Justifying political support and better funding for management by recognizing the importance of protected area-based ecotourism to local and regional economies.	The importance of protected area-based ecotourism leads to political support for excessive development in or around the protected area.
Ameliorating ecotourism impacts through sensitive infrastructure planning, remediation of damage caused, and visitor impact mitigation techniques (such as trail hardening).	Negative impacts on the environment occur, such as pollution (such as waste disposal, carbon emissions), unsustainable resource use (e.g. water), and damage to sensitive areas (e.g. through poorly developed or located infrastructure).
Providing a major incentive, through direct social and financial benefits, for communities in or near protected areas to safeguard wildlife and tolerate some negative wildlife impacts.	Without benefits many poor populations continue to deplete wildlife for protection of themselves or property or for profit.
Stimulating local economic linkages through local ownership of tourism assets, management of tourism businesses, employment, alternative livelihoods, and entrepreneurship in the tourism supply chain (e.g. guiding, craft, food and beverages, transport etc.).	Positive economic linkages fail to materialize due to a lack of information, opportunity, access to finance, adequate policies, or consistency.

Adapted from: Leung et al. 2018. Tourism and Visitor Management in PAS.

## ANNEX 2. TRAVEL AND TOURISM COMPETITIVENESS INDEX SCORES FOR SELECTED SOUTH-EAST ASIAN COUNTRIES FOR 2015-2019

	Thailand	Malaysia	Vietnam	Philippines	Cambodia	Lao PDR
2015-2016	4.64	5.23	4.3	4.39	3.94	4
2017-2018	4.72	5.17	4.36	4.35	3.93	3.91
2019	4.5	4.5	3.9	3.8	3.4	3.4

Source: World Economic Forum Travel and Tourism Competitiveness Reports 2015-2016, 2017-2018, 2019

Note on Annex 1:

Scale ranges from 1-7, higher number means better score

Ranking for 2015-2016 and 2019 are based on assessment of 140 countries; ranking for 2017-2018 is based on assessment of 137 countries

### ANNEX 3. TOURISM SEGMENTS IN CAMBODIA

PLEASE NOTE: BOXES IN **YELLOW** ARE STRATEGIC ACTIONS THAT NEED IMMEDIATE ATTENTION

Segment	2018 Arrivals	Share of Visitation	Eco-tourism Market Sizing	Main Draw to Cambodia	Motivations to travel to eco-tourism sites	Barriers to travel	Travel Companions	Example tour operators	Important Notes
China	2,024,44	32.6%	No data available but estimated to be small percentage	Gaming, Cultural tourism, Shopping	Time to be in nature, backpacking and camping, photography for social media Activities that require technical skills, such as rafting, or mountain biking are less popular.	Political disagreements between governments Cost Lack of connectivity to phone signal Lack of comfortable services (toilets, trails, etc) Lack of availability of Chinese speaking guides	Spouse/Partner Special Interest Group /Tour Groups	Sparkle Tours, WildChina or Beyond X Borders 86% use internet to plan their trip (e.g. Fliggy and Ctrip)	Chinese tourists are last-minute bookers. They can be enticed with last-minute discount deals, and may plan as little as five days in advance
ASEAN	2,067,504 Brunei 790 Indonesia 55,753 Lao PDR 426,180 Malaysia 201,116 Myanmar 22,518 Philippines 92,451 Singapore 86,251 Thailand 382,317 Vietnam 800,128	33.3 %	No data	Cultural tourism	Safety and security, especially transportation Nature and wildlife	Time Lack of hard and soft infrastructure (toilets, signage, trails etc.)	Families (including multi-generational) Groups of Friends	A2A Safaris	Influenced by: Social media influencers Online marketing Word of Mouth

Segment	2018 Arrivals	Share of Visitation	Eco-tourism Market Sizing	Main Draw to Cambodia	Motivations to travel to eco-tourism sites	Barriers to travel	Travel Companions	Example tour operators	Important Notes
Traditional Source Markets	890,502 Northern Europe 219,964 Western Europe 349,469 North America 321,069	14.3 %	Four out of every ten travellers from North America and Western Europe are adventure tourists <sup>27</sup>	Unique offerings - from accommodations, service-learning experiences, great guides etc.	Unique and transformative experiences. Pristine nature and cultural sites	Overtourism Degradation of natural assets (trash) Quality of accommodations Quality of guiding	Couples Tour Groups	Tour operators very important. Higher value: Tour Radar, Airbnb Adventures, Abercrombie & Kent, Audley Mid-range: G-Adventures, Intrepid Media (both online and offline) play a significant role in raising awareness amongst this market	Increasingly stay in Cambodia for the entire duration of their holiday These trips can be at either end of the price spectrum. High end may include Shinta Mani Wild in the Cardamoms, Song Saa at the beach and Phum Baitung in Siem Reap. Lower end may include volunteering or Prey Lang.
Domestic Tourists	7,497,296	Four provinces in the 'ecotourism' zone. Arrivals in 2018: Kratie 71,636 Mondulkiri 117,719 Ratanakiri 197,292 Stung Treng 172,837		Getting out of the city and into nature Time to spend with family Relaxation	Cost Distance Availability of services (food providers, etc)		Families (multi-generational) Friends	N/A Cambodians will not hire tour operators to travel in Cambodia, instead relying on word of mouth or online research.	Influenced by: Word of mouth Online advertising TV shows

127 ATTA, 2013. Adventure Travel Market Sizing Report 2013

## ANNEX 4. CHARACTERISTICS OF INDEPENDENT OUTBOUND CHINESE TOURISTS

<p><b>Stay in one destination for longer periods.</b> They stay longer than group tourists and try to learn more about the local culture.</p>	<p><b>Younger.</b> 60 percent are in the consumer “sweet spot” between 25 and 45.</p>	<p><b>More educated.</b> The vast majority at least have bachelor’s degrees.</p>
<p><b>More sophisticated travelers.</b> Fully independent tourists usually are not on their first trip abroad. Many are study, or have studied, in other countries. Even when they aren’t fluent in foreign languages, they aren’t afraid to deal with locals on their own. Younger Chinese are more worldly than their parents, but still proudly Chinese.</p>	<p><b>More connected.</b> The internet is the main source of information for independent tourists. They see internet and social networking access as a major necessity. They often consult friends for travel advice and use first-hand travelogues in blogs when planning a trip.</p>	<p><b>Demanding.</b> This whole generation of only children that grew up in relative abundance is accustomed to high quality and attentive service.</p>
<p><b>Enjoys indulging.</b> Independent Chinese tourists aren’t all budget travelers. Nearly half spend more than RMB9,000 per trip, more than the average of about RMB7,500. Consumers under 45 make up most of the luxury market, and they mostly shop abroad.</p>	<p><b>Eager for unique travel experiences.</b> They aren’t as interested in hitting the must-see landmarks. To stand out in their social circles, they seek out uncommon destinations and niche tours based on classy hobbies like wine appreciation to express their individuality.</p>	<p><b>Plan extensively .</b> Independent travelers plan out itineraries for up to several months and rarely veer from their plans.</p>

Source: Trivett and Skift staff. 2013

## ANNEX 5. RECOMMENDATIONS FOR IMPROVING THE LEGAL AND REGULATORY FRAMEWORK FOR ECOTOURISM

POLICY	RECOMMENDATIONS
<b>Protected Areas Law</b>	
Recommendation 1	Define the phrase “sustainable use of natural resources” to include the enjoyment of the parks by citizens and visitors. Recommend the use be expanded both in the zones and types of areas people can visit. Control negative impacts through policies and management.
Recommendation 2	Issue guidance on the concept of “no disturbance”. Protected Area managers should receive training on how to determine if an activity will result in an unacceptable impact. Policies should help park managers balance ecotourism with protection strategies.
Recommendation 3	More guidance is needed on EIP fees and user fees. Regulations and rules for each source are generally separate. Guidelines for these fees should be developed at the national level with public input.
<b>Law on Concessions</b>	
Recommendation 1	Determine if the Law on Concessions can be used for non-infrastructure EIPs. If the Law on Concessions cannot be used for non-infrastructure based EIPs, a new law or decree will need to be developed. Given the importance of non-facility-based contracts, writing either a new regulation allowing for use of the Land Law or creation of a new law should be a priority.
Recommendation 2	Information regarding the procurement and selection process should be clearly outlined in the Law on Concessions. If not in the law, the information should be published in another publicly trusted form such as a Praka or regulation. This will ensure a fair, open and more transparent process for all potential bidders in the EIP process.
Recommendation 3	Practices and procedures based on sound financial practices must be put in place for financial evaluation of EIPs. Evaluation should be conducted by personnel who have the training and capability to evaluate complex business models.
Recommendation 4	Develop a comprehensive standard EIP contract that includes industry-standard provisions that are currently missing from the law. This should include monitoring procedures, evaluation, contract modifications, step-in rights, the ability to renegotiate the contract, and termination rights.
Recommendation 5	Article 18 appears to provide assignment and encumbrance rights without the approval of the Government. Request a legal interpretation of Article 18. Investors in EIPs should not be allowed to sell, assign, or encumber their contract without approval from the highest levels of the Ministry of Environment.
Recommendation 6	Article 24 allows the parties to choose to use laws of other countries for conflict resolution. Consider not allowing this provision to be used in Protected Area EIP contracts. It is an unusual provision and could lead to problematic resolution if a dispute goes to the courts.
Recommendation 7	Under Article 25, the law does not appear to describe the process for compensating investors in EIPs for their investment in the infrastructure they have built. EIP contracts should have a provision that describes the value of an investment at the end of the term of the contract. Failing to describe a value/formula can lead to disputes at the end of a contract term.
Recommendation 8	Article 30 covers the payment of royalties but does not provide a formula for how those fees shall be calculated. A provision should be written into EIP contracts that prescribes how the franchisee fees will be calculated.
<b>Land Law</b>	
Recommendation 1	Article 49 of the Land Law allows for land EIPs for “social or economic purpose”. However, neither of these categories fit the ecotourism model. This puts the Land Law in contradiction with the Law on Concessions which clearly authorizes eco-tourism. This conflict needs to be clarified to ensure clear policy guidance can be written, and laws, policy and guidance can be easily explained to potential EIP investors and the public.

**POLICY****RECOMMENDATIONS****National EcoTourism Policy****Recommendation 1**

The Policy focuses on infrastructure/eco-tourism resorts in the two models proposed in 3.2.16: the small scale and large-scale model. Those sections both begin by stating: "To achieve the above objectives and goals, the development of ecotourism resorts in the Kingdom of Cambodia shall be based on two models..." The policy primarily focuses on the development of resorts; however, many other opportunities exist for community based eco-tourism – home stays, guiding, cooking demonstrations, tours, etc. These opportunities should be explored and included in the policy.

Given the many community based eco-tourism activities not associated with resorts, expanding the objectives to include these types of activities (non-resort) would be a simple way to involve local communities without involving construction.

**Recommendation 2**

The policy, particularly the sections in 3.2.16 regarding large scale eco-tourism development, do not clearly articulate the role of the protected area in regard to issuing tenders/receiving unsolicited proposals and approving eco-tourism activities within the protected area. The Protected Area Law and the Law on Concessions give the Minister of the Environment certain responsibilities and authorities that normally cannot be over-written by policy.

It is recommended that the Policy clearly states the roles and responsibilities of the MOE.

**Recommendation 3**

The members of Inter-Ministerial working group are not identified in the policy. This group has significant responsibilities: Review, evaluate and decide on ecotourism projects implemented by communities or national and international organizations; review and evaluate the feasibility of ecotourism development projects; review and monitor the operations of ecotourism development projects; develop necessary regulations to manage ecotourism with sustainable and responsible manner; immediately deal with any issues occurred in ecotourism resorts including technical aspect, legal aspect or in case in joint jurisdiction, handled by the inter-ministerial group. Note the Law on Concessions, Article 4, give many of these responsibilities to the Ministers: "All competent institutions entitled to undertake infrastructure projects within the eligible infrastructure sectors specified in Article 5 of this law, including ministries, institutions, State-owned legal entities, local governments which have been delegated the required institution in accordance with the laws of Cambodia have the power to enter into EIP Contracts for Infrastructure Projects falling within their respective spheres of competence and have the power to enter into ancillary or related agreements, including for the purpose of facilitating any related financing..." The group also have been given many operational responsibilities as well, however, the policy does not mention whether the members are supported by full time staff or how they are supported for their duties.

As important as this group is, identifying the membership by title would ensure appropriate levels of representation. In addition, the groups role and responsibilities need to be clarified in relation to the role of the Minister of the Environment and the Protected Area Manager. The Ministers of Tourism and Environment, thru this policy, can work cooperatively to provide eco-tourism activities within protected areas. The roles of the two Ministers should be a greater focus of discussion in the policy and clarified, particularly in relation to the development of EIPs and the community use of protected area lands. Protected area managers should work closely with local communities to support economic development and tourism policies.



**ANNEX 6. FULLER LIST OF RECOMMENDED STRATEGIC ACTIONS FOR COVID-19 RESPONSE AND RECOVERY IN THE TOURISM AND ECOTOURISM SECTORS**  
PLEASE NOTE: BOXES IN **YELLOW** ARE STRATEGIC ACTIONS THAT NEED IMMEDIATE ATTENTION

Key intervention areas	S.N	Recommendations	Now	Within 3 months	Within 15-18 months	Implementing Agency
1. Governance, Regulatory and Organizational Measures	1	Create a national competition to spur innovation and recovery. Example: UNWTO has created a competition called 'Healing Solutions' to submit ideas that can help the tourism sector reduce the impact of the pandemic and kickstart recovery efforts.	X			MoT
	2	<b>Develop and implement</b> a specific communication strategy during the crisis period. Details to include clear information on travel bans, and to ensure government departments, park officials, hotel staff and tourists are all aware of the current status. All updates to be immediately communicated.	X			MoT
	3	Create clear rules around social distancing and group size. This includes measures such as: (a) capping the number of people at heritage sites and waterfalls to maintain appropriate social distance requirements; (b) limit or prohibit food buffets for the remainder of 2020.	X			MoT, MoE, MoH
2. Fiscal and Monetary Support	4	Extend the 'special offer' on Angkor passes until the end of the year, so 1 day is valid for 2 days, 3 days for 5 days and 7 days for 10 days.	X			MoT
	5	Review taxes and charges applied to tourism sector and consider waiving it for 2020.	X			MEF, MoT
	6	Consider reducing visa prices for 2020 and 2021.		X		MoT; MFAIC
3. Industry and training support	7	Introduce measures to discourage the discounting of flights, hotel stays, and vacation packages.	X	X	X	MoT
	8	Support salary for furloughed staff and tax relief for 2020/21.	X	X		MEF, MoT
	9	Support activity providers, tour operators and individual guides to take their experiences online through platforms such as Airbnb Online Experiences.		X	X	MoT
	10	Offer training and upskilling to employees. During recovery period, reassure----and retain for the long-term—staff at all levels.		X		MoT; MoE
	11	Create itineraries and packages catering to the domestic market (including Cambodians and expatriates).		X	X	MoT; MoE

Key intervention areas	S.N	Recommendations	Now	Within 3 months	Within 15-18 months	Implementing Agency
4. Destination and Products Development	12	Prioritize the development of nature based, ecotourism or adventure related destination.		X		MoE, WB
	13	Promote development of wellness, spirituality, meditation and other products as they will be in greater demand after the crisis and people will be seeking more meaning in their lives.			X	MoT, MoE, WB
	14	Implement no-regrets infrastructure works in destination sites that allows employment opportunities for local workers.		X		MoE, WB
	15	Address key constraints on destinations with domestic markets potential immediately. For instance, improving the road connectivity through blacktopping to the nearest parks or protected areas from the key city centers.		X	X	MoT, MRD, WB
5. Tourism Branding and Marketing	16	Market domestic itineraries in appropriate channels such as Facebook Groups, Telegram, etc.	X			MoT
	17	Prepare a marketing campaign (possibly with influencers) targeting domestic travelers about supporting the local travel industry.		X	X	MoT, MoE
6. Improving Health, Hygiene, Sanitation and Service Delivery	18	Prepare a marketing campaign to Chinese tourists that focuses on safety, hygiene and Cambodia's positive track record in containing the virus.			X	MoT
	19	Invest in some innovative e-marketing campaigns that link advertising with destination searches and social media interest.		X		MoT
	20	Initiate a clean-up Cambodia campaign to prevent the random disposal of litter and trash which is such a problem throughout the country.				MoE; MoT
	21	Support the creation of appropriate hygiene and sanitation protocols for tour operators and guides, including frequent disinfecting of equipment, temperature checks etc. including standards for basic packages of health equipment (masks, thermometer, hand sanitizer).		X		MoE; MoT
	22	Create procedures for dealing with a potential COVID-infected guest.		X		MoH; MoT
	23	Educate on how to communicate transparently, honestly and calmly about new hygiene protocols.		X	X	MoH; MoT
	24	Create handwashing stations around heritage or popular tourism sites.		X		MoE; MoT



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