



Concept Paper

Project Number: 49387-002
March 2016

Proposed Loans
Kingdom of Cambodia, Lao People's Democratic
Republic, The Republic of the Union of Myanmar,
Socialist Republic of Viet Nam:
Second Greater Mekong Subregion Tourism
Infrastructure for Inclusive Growth Project

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 9 March 2016)

Currency unit	–	riel (KR)
KR1.00	=	\$0.000246
\$1.00	=	KR4,048
Currency unit	–	kip (KN)
KN1.00	=	\$0.000121
\$1.00	=	KN8,200
Currency unit	–	kyat (MK)
MK1.00	=	\$0.000819
\$1.00	=	MK1,220
Currency unit	–	dong (D)
D1.00	=	\$0.000045
\$1.00	=	D22,224

ABBREVIATIONS

ADB	–	Asian Development Bank
ASEAN	–	Association of Southeast Asian Nations
CLMV	–	Cambodia, the Lao People's Democratic Republic, Myanmar and Viet Nam
GMS	–	Greater Mekong Subregion
Lao PDR	–	Lao People's Democratic Republic
OCR	–	ordinary capital resources
O&M	–	operations and maintenance
R-PPTA	–	regional project preparatory technical assistance
SME	–	small and medium-sized enterprise
TASF	–	Technical Assistance Special Fund

NOTE

- (i) In this report, "\$" refers to US dollars unless otherwise stated.

Vice-President	S. Groff, Operations Group 2
Director General	J. Nugent, Southeast Asia Department (SERD)
Director	S. Nicoll, Lao People's Democratic Republic Resident Mission, SERD
Team leader	S. Schipani, Senior Portfolio Management Specialist, SERD
Team members	S. Bando, Senior Country Specialist, SERD P. Brimble, Principal Country Specialist, SERD R. Frauendorfer, Lead Urban Development Specialist, SERD J. Hansen, Senior Country Economist, SERD S. Leuangkhamsing, Senior Economics Officer, SERD C. Nguyen, Principal Regional Cooperation Specialist, SERD G. Nguyen, Social Development Officer (Gender), SERD M. Ovenden, Social Development Specialist (Resettlement), SERD N. Ouk, Senior Project Officer, SERD S. Ouk, Senior Safeguards Officer, SERD A. Perdiguero, Principal Regional Cooperation Specialist, SERD P. Pham, Environment Officer, SERD. D. Salter, Senior Natural Resources and Agriculture Specialist, SERD Y. Tamura, Principal Country Specialist, SERD K. Thammalangsy, Project Analyst, SERD S. Zaidansyah, Senior Counsel, Office of the General Counsel
Peer Reviewer	Ron Slangen, Urban Development Specialist, SARD

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PROJECT AT A GLANCE

I. THE PROJECT

A. Rationale

1. The proposed project will improve urban-rural transport infrastructure, urban environmental services, and strengthen capacity to implement regional tourism standards in Cambodia, the Lao People's Democratic Republic (Lao PDR), Myanmar and Viet Nam (CLMV). It will help transform secondary towns in the Greater Mekong Subregion (GMS) Economic Corridors into green, inclusive and competitive international tourism nodes to boost trade in services and deepen market linkages between members of the GMS and Association of Southeast Asian Nations (ASEAN). Regional project preparatory technical assistance (R-PPTA) will update the 10-year GMS tourism sector strategy to validate subregional priorities before preparing investment projects suitable for Asian Development Bank (ADB) financing.¹

2. CLMV are endowed with diverse tourism assets and actively promote tourism growth because it generates substantial employment, private investment and trade in services (Table 1). On average, one job is created in tourism-characteristic enterprises such as hotels, restaurants and travel agencies per six international visitor arrivals. Given CLMV's facilitative tourism policies, improved regional connectivity and strong outbound tourism demand in Asia, international arrivals could reach 29.7 million by 2020 and generate \$35 billion in destination expenditure. Achieving these targets would provide jobs for about 5 million workers—the majority women employed in small and medium-sized enterprises (SMEs).

Table 1: Key Tourism Indicators: Cambodia, the Lao PDR, Myanmar and Viet Nam

	Cambodia	Lao PDR	Myanmar	Viet Nam
International visitor arrivals 2014 (million)	4.50	4.15	3.08	7.87
International visitor arrivals CAGR 2006–2013 (%)	13.8	17.6	34.0	11.3
International visitor expenditure (\$ billion) ^a	2.73	0.64	1.79	8.39
Direct contribution to gross domestic product (%)	10.40	4.70	1.60	4.60
Total contribution to gross domestic product (%)	29.90	14.70	4.80	9.30
Tourism workers (direct employment)	735,000	120,000	338,000	1,899,000
Women's share of direct employment (%)	54	50	50	70
Tourism investment (\$ billion)	0.34	0.32	0.19	3.91
International visitor expenditure as share of total exports (%)	28.9	16.2	3.5	5.3
Average expenditure per international visitor (\$)	607	154	580	1,066
Domestic trips (million)	8.5	2.1	2.2	30
World Economic Forum TTCI rank (1–141)	105	96	134	75

CAGR = cumulative annual growth rate, TTCI = travel and tourism competitiveness index.

^a Spending within a country by international visitors for both business and leisure trips, including spending on transport.

Sources: Asian Development Bank; World Travel and Tourism Council, 2015; National Tourism Organizations 2013/14; World Economic Forum, 2015; United Nations World Tourism Organization, 2013.

3. Despite these strengths and opportunities tourism competitiveness of CLMV is lower than other ASEAN countries. Consequently, CLMV receive only 18% of ASEAN's international arrivals and average expenditure per visitor is much less than the regional benchmark of \$1,400. Imbalances within the countries are also a problem. Over half of international arrivals and corresponding destination expenditure accrue to less than 10 gateway cities.

4. The main causes of asymmetric tourism growth and low competitiveness are the lack of modern, well-maintained airports and ports, roads, sanitation and clean water supply in secondary destinations. Economic loss from poor sanitation and hygiene alone is at least \$160

¹ The R-PPTA is included in ADB. 2015. *Country Operations Business Plan: Cambodia, 2016–2018*; ADB. 2015. *Country Operations Business Plan: Lao PDR, 2016–2018*; ADB. 2015. *Country Operations Business Plan: Myanmar, 2016–2018*; and ADB. 2015. *Country Operations Business Plan: Viet Nam, 2016–2018*.

million per year.² Other underlying causes are the shortage of skilled hospitality workers, inadequate tourism planning and service standards, and a weak business enabling environment. The project will help CLMV overcome critical constraints by selectively financing climate-resilient transport and urban infrastructure in strategically located secondary towns with comparative tourism advantages. This will boost visitor arrivals in these areas and catalyze additional private investment to expand employment intensive tourism-characteristic SMEs. In parallel, local residents and visitors will benefit from higher quality sanitation and hygiene services and reduced risk of losing assets to natural disasters. Capacity building will support implementation of ASEAN tourism standards to help SMEs become more competitive, improve infrastructure O&M, and strengthen tourism destination management to enhance sustainability.

5. Improving public infrastructure and capacity to facilitate tourism growth in secondary towns is consistent with CLMV's national tourism strategies and the *ASEAN Tourism Strategic Plan 2016–2025*. Proposed investments complement ADB and other development partner assistance for tourism vocational training, policy reforms to strengthen the business enabling environment, and SME finance. The emphasis on improving urban-rural connectivity, expanding access to urban environmental services, and increasing trade in services to underpin inclusive economic growth is consistent with the *GMS Strategic Framework 2012–2022*, ADB country partnership strategies for CLMV, and ADB's *Regional Cooperation and Integration Strategy* (2006). The proposed modality (Project) is appropriate because CLMV have adequate frameworks in place to guide public infrastructure investment and capacity building programs.

6. The project will build on the ongoing *GMS Tourism Infrastructure for Inclusive Growth Project*. It will incorporate lessons from 15 years of successful ADB support to the *GMS tourism industry*, including the need to (i) analyze tourism demand to guide selection of project areas, (ii) focus on larger transformative public infrastructure, (iii) generate synergies with other ADB operations, and (iv) build capacity for destination management and infrastructure O&M.³

B. Impact, Outcome, and Outputs

7. The project impact is sustainable, inclusive, and more balanced tourism development, as envisaged in the *ASEAN Tourism Strategic Plan 2016–2025*. The outcome is increased tourism competitiveness of secondary towns in Cambodia, the Lao PDR, Myanmar and Viet Nam. Outputs include: (i) urban-rural access infrastructure and urban environmental services improved, (ii) capacity to implement ASEAN tourism standards strengthened, and (iii) institutional arrangements for tourism destination management and infrastructure O&M strengthened. The preliminary design and monitoring framework is in Appendix 1 and the problem tree is in Appendix 2.

C. Investment and Financing Plans

8. The indicative project investment cost is \$175.0 million, of which \$155.0 million is to be requested from ADB's Concessional Ordinary Capital Resources, and \$10.0 million is proposed to be financed through participation of the ASEAN Infrastructure Fund (Table 2). The governments of CLMV will contribute \$10.0 million equivalent. The ADB loans will finance (i) urban-rural roads and small ports (~\$70 million); (ii) wastewater treatment, sanitation, drainage and flood control (~\$65 million); (iii) capacity building (~\$10 million); and (iv) project management (~\$10 million).

² World Bank. 2008. *Economic Impacts of Sanitation in Southeast Asia*. Jakarta; World Bank. 2009. *Economic Impacts of Sanitation in Lao PDR*. Water and Sanitation Program.

³ ADB. 2008. *Sector Assistance Program Evaluation: Tourism in the Greater Mekong Subregion*. Manila; ADB. 2013. *Validation Report. Greater Mekong Subregion Mekong Tourism Development Project*. Manila.

Table 2: Tentative Financing Plan

Country	Amount (\$ million)	Financing (\$ million)		
		ADB Concessional OCR Loans ^a	AIF	Government
Cambodia	21.00	20.00	0.00	1.00
Lao PDR	59.50	45.00	10.00	4.50
Myanmar	47.25	45.00	0.00	2.25
Viet Nam	47.25	45.00	0.00	2.25
Total	175.00	155.00	10.00	10.00

ADB = Asian Development Bank, AIF = ASEAN Infrastructure Fund, Lao PDR = Lao People's Democratic Republic, OCR = ordinary capital resources.

^a Concessional subregional set-aside financing will be sought from the 2017–2018 biennial allocation.

Source: Asian Development Bank estimates.

D. Indicative Implementation Arrangements

9. Implementation arrangements will follow established practices. Project executing agencies will be CLMV's national tourism organizations.⁴ Subregional and national steering committees comprising senior officials and ADB staff will ensure the R-PPTA and ensuing project are harmonized with related government initiatives, private investment, and development partner assistance. Project coordination units with full-time counterparts will be established in each executing agency to coordinate technical and administrative inputs during the R-PPTA and ensuing project. Provincial departments responsible for public works, transport, and urban management will implement infrastructure subprojects. Provincial tourism departments and industry associations will implement tourism capacity building programs. Consulting firms will help the executing and implementing agencies with financial management, procurement, civil works design and supervision, institutional strengthening, implementation of safeguard requirements and other project administration tasks. Advance actions for consultant recruitment and procurement will be requested. Retroactive financing will not be considered.⁵

II. DUE DILIGENCE REQUIRED

10. The R-PPTA will undertake the following assessments to determine project viability:

- (i) **Technical.** Engineering solutions for transport and urban infrastructure will consider lifecycle cost attributes, compatibility with local conditions and O&M capacity, tourism functionality, and incorporate suitable climate change mitigation and adaptation measures. A project design advance will be not be utilized.
- (ii) **Economic and financial.** Economic and financial viability, and sustainability of the overall project and subproject components, will be assessed following ADB's *Guidelines for the Economic Analysis of Projects* (1997) and ADB's *Financial Management and Analysis of Projects* (2005).
- (iii) **Governance.** Financial management, governance, and procurement capacity assessments will establish suitable implementation arrangements and funds flow mechanisms, internal controls, and the procurement plan. ADB's anticorruption policies will be explained to the borrowers and project beneficiaries.
- (iv) **Poverty and social.** Poverty and social analysis and gender analysis will guide the preparation of poverty reduction and social strategies and gender action plans. The project is expected to be classified effective gender mainstreaming because it will improve women's access to economic opportunities, services, and decision making.⁶

⁴ Ministry of Tourism, Cambodia; Ministry of Information, Culture and Tourism, Lao PDR; Ministry of Hotels and Tourism, Myanmar; and the Ministry of Culture, Sports and Tourism, Viet Nam.

⁵ The proposed project implementation period is January 2019 to December 2023.

⁶ The initial poverty and social analysis is in Appendix 4.

- (v) **Safeguards.** Involuntary resettlement, indigenous peoples, and environmental impacts will be assessed in accordance with national laws and regulations, and in compliance with ADB's *Safeguards Policy Statement* (2009).

III. PROCESSING PLAN

A. Risk Categorization

11. The project is categorized *low risk* because it has all of the following features: (i) loan amounts not exceeding \$200 million; (ii) a sound record of ADB's previous experience in the sector in the concerned countries; (iii) reasonable executing agency capacity in terms of externally financed project administration; and (iv) safeguard categorization other than A.

B. Resource Requirements

12. The R-PPTA is estimated to cost \$1.5 million equivalent, to be financed on a grant basis from ADB's Technical Assistance Special Fund (TASF-V). The R-PPTA will prepare (i) feasibility studies for each project component, (ii) capacity building programs to improve tourism destination management, (iii) safeguard documents, and (iv) provide executing agencies with support for advanced contracting. Each country will provide counterpart staff, office space, and other in-kind contributions. The R-PPTA outline, including consultant inputs, is in Appendix 3.⁷

C. Processing Schedule

13. The major milestones up to loan effectiveness are listed in Table 3.

Table 3: Proposed Processing Schedule

Milestones	Expected Completion Date
Regional project preparatory technical assistance approved	25 March 2016
Loan fact finding	31 January 2018
Staff review meeting	31 March 2018
Loan negotiations	30 June 2018
Board consideration	21 September 2018
Loan effectiveness	31 December 2018

Source: Asian Development Bank estimates.

IV. KEY ISSUES

14. Key issues which the R-PPTA and project may encounter include (i) processing delays due to the Government of Viet Nam's parallel procedural requirements and potential on-lending, (ii) insufficient coordination between multiple agencies, (iii) limited capacities of implementing agencies, and (iv) insufficient resources to achieve design readiness by loan approval. These will be addressed by allocating adequate resources to help Viet Nam prepare the required documents, programming sufficient support for multisector coordination and capacity building, and actively seeking additional cofinancing for engineering design during the R-PPTA.

⁷ Staff requirements for due diligence include: mission leader (8.0 p-m), social development specialist (4.0 p-m), urban development specialist (3.0 p-m), environment specialist (4.0 p-m), gender specialists (4.0 p-m), economist (2.0 p-m), and project officers/country specialists (8.0 p-m).

PRELIMINARY DESIGN AND MONITORING FRAMEWORK ^a

Impacts the Project is Aligned with:			
Sustainable, inclusive, and more balanced tourism development that contributes to the socioeconomic well-being of ASEAN people. (ASEAN Secretariat. <i>ASEAN Tourism Strategic Plan 2016–2025</i> . Jakarta.)			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome Increased tourism competitiveness of secondary towns in Cambodia, the Lao PDR, Myanmar and Viet Nam ^b	By 2025: a. CLMV's share of ASEAN's international visitor arrivals increases to xx% (2016 baseline: 18%) b. Annual international visitor arrivals in project areas increases to xx million (2016 baseline: xx million) c. Aggregate annual visitor expenditure in project areas increases to \$xx million (2016 baseline: \$xx million)	a-c. Government tourism statistics reports and project completion report	Governments reverse supportive policies for travel and tourism Governments and other development partners reduce support for tourism vocational training and capacity building
Outputs 1. Urban-rural access infrastructure and urban environmental services improved	By 2023: 1a. xx km of access roads to tourist sites improved (2016 baseline: 0) 1b. xx ports improved (2016 baseline: 0) 1c. xx m ³ /day wastewater treatment capacity constructed (2016 baseline: 0) 1d. Flood protection and drainage improvements constructed for xx hectare catchment (2016 baseline: 0) 1e. Percentage of households and businesses served by improved solid waste management increases to xx% (2016 baseline: xx%)	1a-e. Project progress reports and project completion report	Suitably qualified government counterpart staff are not appointed to support procurement and safeguards implementation
2. Capacity to implement ASEAN tourism standards strengthened	2a. 4 ASEAN tourism standards certification boards and assessment frameworks established with women comprising at least 30% of certification board members (2016 baseline: 0) 2b. Percentage of enterprises meeting ASEAN tourism standards increases to xx% (2016 baseline: xx%)	2a-b. Project progress reports and project completion report	Private enterprises are not interested in achieving ASEAN tourism standards

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
3. Institutional arrangements for tourism destination management and infrastructure O&M strengthened	3a. xx public works and tourism site managers (comprising at least 30% women) have the skills, equipment, and budget needed to effectively develop and implement tourism management plans and infrastructure O&M (2016 baseline: 0) 3b. xx destination management plans developed (2016 baseline: 0) 3c. xx internet-based tourism knowledge repositories operational (2016 baseline: 0)	3a-c. Project progress reports and project completion report	Insufficient public funds allocated for infrastructure O&M and tourist site management
Key Activities with Milestones 1. Urban-rural access infrastructure and environmental services improved 1.1 Prepare civil works design and bidding documents: Q1 2018–Q4 2019 1.2 Approval of safeguards documents: Q2 2018–Q4 2019 1.3 Complete land acquisition and resettlement: Q1 2020 1.4 Procurement of civil works: Q4 2018–Q4 2020 1.5 Implement civil works construction, supervision, and supply of equipment: Q2 2019–Q1 2023 2. Capacity to implement ASEAN tourism standards strengthened 2.1 Consultations with ASEAN Secretariat and other key stakeholders on certification boards and assessment frameworks: Q3 2020–Q4 2020 2.2 Prepare manuals to guide operations of national certification boards and assessors: Q1 2021–Q4 2021 2.3 Train assessors of selected standards: Q1 2022–Q2 2022 2.4 Promote adoption of ASEAN tourism standards by service enterprises: Q2 2022–Q4 2023 2.5 Carry out inspection and certification of service enterprises: Q2 2022–Q4 2023 3. Institutional capacity for tourism destination management and infrastructure O&M strengthened 3.1 Financial management training for PCU and PIU staff: Q1 2019 3.2 Prepare and approve tourism destination management plans with sustainable finance mechanisms: Q2 2020–Q2 2021 3.3 Prepare and approve O&M plans with sustainable finance mechanisms: Q3 2020–Q4 2021 3.4 Design and implement training programs for infrastructure O&M: Q3 2021–Q4 2023 3.5 Design and implement training programs for tourism destination management: Q2 2021–Q2 2023 3.6 Establish and maintain Internet-based tourism knowledge repositories: Q2 2020–Q4 2023 Project Management Activities Establish project steering committees, PCUs, and PIUs: Q1 2018 Advance actions for consultant recruitment and procurement: Q2 2018–Q1 2019 Implement sex-disaggregated PPMS, including safeguards and gender action plan: Q1 2019–Q4 2023 Inputs ADB: \$165 million Concessional Ordinary Capital Resources; ASEAN Infrastructure Fund: \$10 million Governments: \$10.0 million			

Assumptions for Partner Financing

Not applicable.

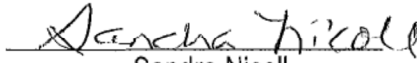
ADB = Asian Development Bank; ASEAN = Association of Southeast Asian Nations; CLMV = Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam; km = kilometer; m³ = cubic meter; O&M = operations and maintenance; PCU = project coordination unit; PIU = project implementation unit; PPMS = project performance management system; Q = quarter; R-PPTA = regional project preparatory technical assistance.

^a Baseline and targets will be updated during project design.

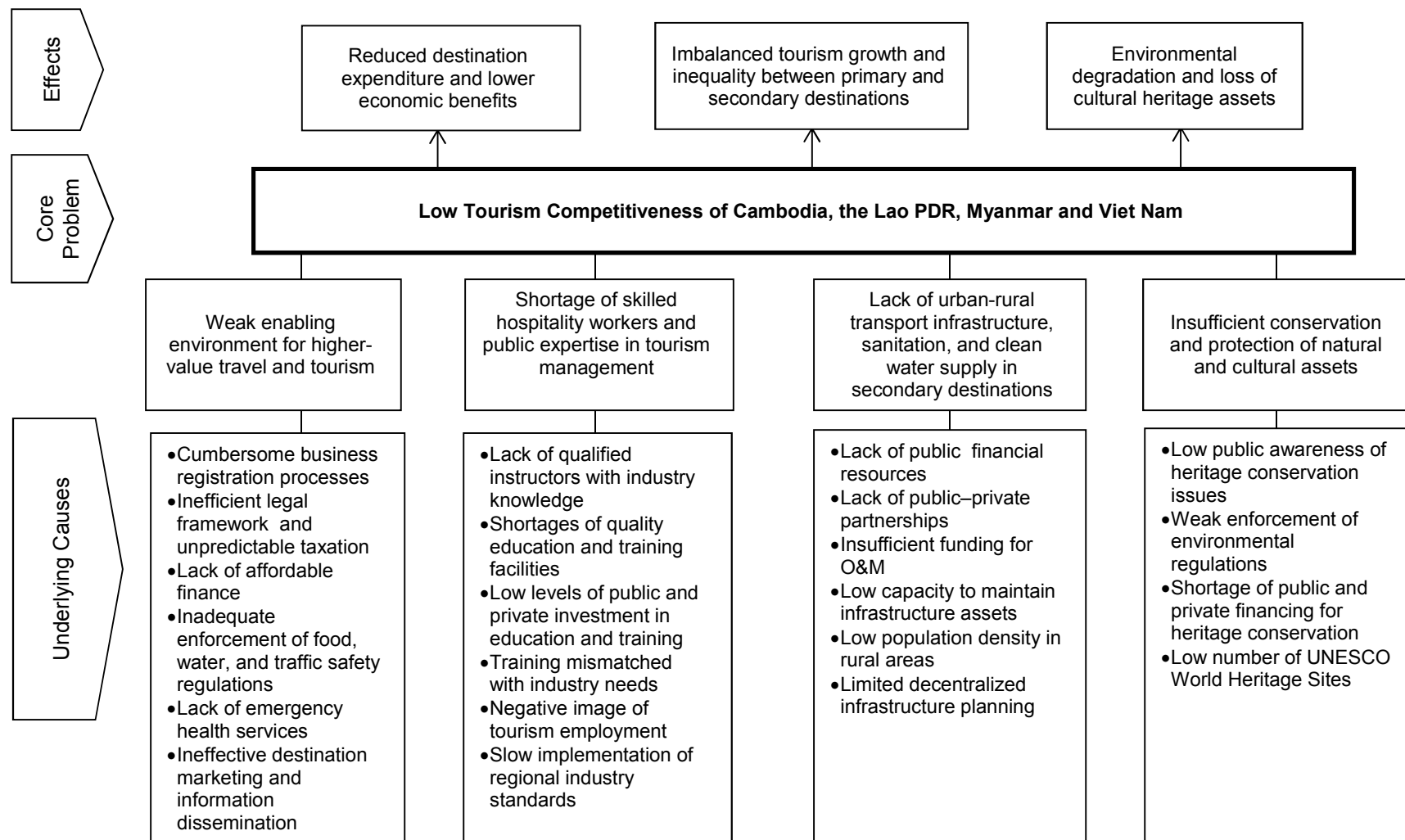
^b Towns will be confirmed during the R-PPTA fact finding mission.

Source: Asian Development Bank.


Steven Schipani
Senior Portfolio Management Specialist
Lao PDR Resident Mission


Sandra Nicoll
Country Director
Lao PDR Resident Mission

PROBLEM TREE FOR TOURISM IN CAMBODIA, THE LAO PDR, MYANMAR AND VIET NAM



HRD = human resource development, Lao PDR = Lao People's Democratic Republic, O&M = operations and maintenance, UNESCO = United Nations Educational, Scientific and Cultural Organization.

Note: The World Economic Forum defines tourism competitiveness as the set of factors and policies that enable the sustainable development of the travel and tourism sector, comprising four sub-indexes: (i) enabling environment, (ii) travel and tourism policy and enabling conditions, (iii) infrastructure, and (iv) natural and cultural resources.

Source: Asian Development Bank.

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. Regional project preparatory technical assistance (R-PPTA) is needed to assist the Governments of Cambodia, the Lao PDR, Myanmar and Viet Nam (CLMV) prepare investment projects suitable for Asian Development Bank (ADB) and other sources of cofinancing. As a first step, the Greater Mekong Subregion (GMS) Tourism Sector Strategy will be updated to validate subregional investment priorities and maximize synergies between the ensuing project, other development partner assistance, and private investment. R-PPTA feasibility studies for priority infrastructure and other project outputs will include market analysis; stakeholder consultations; climate risk assessments; preliminary engineering designs; social, economic and financial analysis; preparation of safeguards documents; cost estimates; and analysis of risks and mitigation measures. The R-PPTA will take on lessons from operational experience and evaluations of previous ADB support for tourism, transport, and water and other municipal infrastructure and services. It will support advance actions for consultant recruitment and works procurement.

B. Major Outputs and Activities

2. The major outputs of the R-PPTA will be (i) an updated GMS Tourism Sector Strategy covering 2016–2025, including a list of priority infrastructure and capacity building investment projects; and (ii) investment project designs for CLMV that are technically, economically, socially, and environmentally feasible (Table A3.1). Activities to achieve these outputs include broad stakeholder consultations, desk and field studies, and preparation of documents required by ADB and the governments of CLMV to facilitate project approval.

Table A3.1: Summary of Major Outputs and Activities

Major Activities	Expected Completion Date	Major Outputs ^a	Expected Completion Date
Stakeholder consultations, sector assessment, constraints analysis, agreement on vision, objectives, investment and financing plans, and implementation arrangements.	August 2016	GMS Tourism Sector Strategy 2016–2025	October 2016
Develop work program, data collection methodology, and safeguard screening.	October 2016	R-PPTA inception report	December 2016
Full feasibility studies for each component, including: preparation of engineering designs and costs; cost estimates and financing plan; procurement and institutional assessments; capacity building programs and implementation arrangements.	November 2017	R-PPTA interim report	December 2017
Finalize implementation arrangements, cost estimates, financing and procurement plans, safeguard documents (RP, IPP, and IEE) PAM, project detailed outline (for Viet Nam) and other required documents. Prepare and implement start-up plan and advance actions.	May 2018	Final draft RRP and linked documents; R-PPTA final report	June 2018

^a All outputs will be prepared following prevailing ADB and government guidelines.

GMS = Greater Mekong Subregion, IEE = initial environmental examination, IPP = indigenous people's plan, PAM = project administration manual, R-PPTA = regional project preparatory technical assistance, RP = resettlement plan; RRP = report and recommendation of the President to the Board of Directors.

Source: Asian Development Bank estimates.

C. Cost Estimate and Proposed Financing Arrangement

3. The R-PPTA is estimated to cost \$1.50 million equivalent (Table A3.2), of which \$1.50 million equivalent will be financed on a grant basis by ADB's Technical Assistance Special Fund

(TASF-V). Governments will provide counterpart support in the form of counterpart staff, office space, data and reports, and other in-kind contributions. The Governments of CLMV have been advised that approval of the R-PPTA does not commit ADB to finance any ensuing project.

Table A3.2: Cost Estimates and Financing Plan (\$'000)

Item	Cost
Asian Development Bank^a	
Package 1: Updating the GMS Tourism Sector Strategy	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (7 person-months)	105.0
ii. National consultants (9 person-months)	27.0
b. International and local travel	9.0
c. Reports and communications	10.0
2. Workshops, training, seminars, and conferences ^b	
a. Workshops	34.0
3. Surveys	5.0
4. Miscellaneous administration and support costs ^c	2.0
5. Contingencies	8.0
Subtotal	200.0
Package 2: Preparing the Second GMS Tourism Infrastructure for Inclusive Growth Project	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (45 person-months)	880.0
ii. National consultants (40 person-months)	245.0
b. International and local travel	62.0
c. Reports and communications	5.0
2. Workshops, training, seminars, and conferences ^b	
a. Workshops	20.0
3. Vehicle ^d	20.0
4. Surveys	40.0
5. Miscellaneous administration and support costs ^c	5.0
6. Representative for contract negotiations ^e	3.0
7. Contingencies	20.0
Subtotal	1,300.0
Total	1,500.0

^a Financed by Asian Development Bank's Technical Assistance Special Fund (TASF-V).

^b Package 1: National and regional consultations with tourism industry stakeholders. Venue to be determined.
Package 2: Workshops to identify and gain consensus on project investments. Venue to be determined.

^c For office administration, secretarial service, and visa fees for international consultants.

^d It is necessary to lease a vehicle(s) because there will be extensive field surveys and consultations over a wide geographic area. Expected length of use is 180 days.

^e In accordance with the project administration instructions on recruiting consulting firms for TA assignments, the suggested mode of contract negotiations is face-to-face or by video/audio conference. ADB. 2010. Specific Requirements for Recruiting Consultants by ADB. *Project Administration Instructions*. PAI 2.04. Manila.

Source: Asian Development Bank estimates.

D. Consulting Services

4. Consultants will be engaged through two firms. The first consulting services package (Updating the GMS Tourism Sector Strategy) is expected to require 2 positions for 7 person-months of intermittent international specialist (IS) inputs, and 6 positions for 9 person-months of intermittent national specialist (NS) inputs. Consultant's qualifications selection (CQS) method using bio-data technical proposals will be followed. CQS is appropriate because of the need for highly specialized expertise and timely mobilization of the consultants. The firm will administer workshops, report production, and other administration and support costs.

5. The second consulting services package (Preparing the Second GMS Tourism Infrastructure for Inclusive Growth Project) will require 8 positions for 45 person-months of intermittent IS inputs, and 16 positions for 40 person-months of intermittent NS inputs. Quality and cost-based selection method using full technical proposals weighted 90:10 technical-financial will be followed. The firm will administer workshops, surveys, vehicle rental, and other miscellaneous administration and support costs. ADB will select and engage all consultants according to ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time). All disbursements will be made in accordance with the ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). A summary of the requirements is in Table A3.3.

Table A3.3: Summary of Consulting Services Requirements

Package 1: Updating the GMS Tourism Sector Strategy			
International Specialists	p-m	National Specialists	p-m
Team Leader–Tourism Planning Specialist	5	Tourism Planning Specialists (6 x 1.5 mo.)	9
Tourism Economist	2		
Total	7		9
Package 2: Preparing the Second GMS Tourism Infrastructure for Inclusive Growth Project			
International Specialists	p-m	National Specialists	p-m
Team Leader–Urban Planning Specialist	8	Social Development Specialists (4 x 3 mo.)	12
Civil Engineer	7	Resettlement Specialists (4 x 2 mo.)	8
Economist	5	Environment Specialists (4 x 1 mo.)	4
Finance Specialist	5	Civil Engineers (4 x 4 mo.)	16
Social Development Specialist	8		
Environment Specialist	5		
Tourism Planner	3		
Procurement Specialist	4		
Total	45		40

GMS = Greater Mekong Subregion, mo. = month, p-m = person months.

6. The outline terms of reference for consultants is described below. Inputs for each package will be sequenced appropriately and all consultants will be available for the entire contract duration. All IS will have a master's degree in a field relevant to the assignment and at least 8 years of experience working in the GMS. All NS will hold a bachelor's degree in a field relevant to their assignment and have at least 5 years of relevant experience.

1. Package 1: Updating the GMS Tourism Sector Strategy

7. **Team Leader – International Tourism Planning Specialist** (IS, 5 p-m). Prepare a comprehensive GMS tourism sector assessment and analysis of strategic issues, performance, key constraints, current and future tourism plans and prospects, and policy recommendations to improve the social, environmental and economic performance of tourism in the GMS; facilitate national workshops to gather views of key stakeholders on the vision, principles, objectives, policies and priority investment projects/programs, targets, implementation and monitoring arrangements, financing, and other critical components of the updated GMS tourism sector strategy; prepare the 10-year (2016–2025) GMS tourism sector strategy document for endorsement by the GMS tourism ministers; and manage production of the final report.

8. **Tourism Economist** (IS, 2 p-m). Prepare 10-year forecasts for international visitor arrivals, multicountry travel, and domestic trips in the GMS based on product demand, supply, and changing market composition. Estimate tourism's economic benefits to GMS countries and GMS as a whole under different scenarios, and prepare recommendations to better balance the distribution of tourism benefits within and among GMS countries.

9. **Tourism Planning Specialists** (NS, 6 positions for 1.5 p-m each). Assist with data collection and analysis, liaise with government and other stakeholders, and provide logistic support for workshops and production of the updated GMS tourism sector strategy.

2. Package 2: Preparing the Second GMS Tourism Infrastructure for Inclusive Growth Project

10. **Team Leader–Urban Planning Specialist** (IS, 8 p-m). The team leader will be an urban planner with tourism planning experience. Contributes to and coordinates inputs of the consulting team; leads stakeholder coordination; leads/supervises preparation of all reports required by ADB, including lessons from past projects, institutional analysis, development coordination, the project administration manual (PAM) and other linked documents, project detailed outline for Viet Nam, bidding documents, and project start-up plans for each country.

11. **Civil Engineers** (IS, 7 p-m; NS 4 positions for 4 p-m each). Provide appropriate engineering solutions for rural and urban roads, drainage, flood protection, wastewater treatment, solid waste collection and storage, and small-port infrastructure. Prepare engineering designs and cost estimates; identify and cost equipment needs; advise on contract packaging; prepare recommendations for O&M and institutional reforms to ensure sustainability of project facilities; and provide inputs to the PAM.

12. **Economist** (IS, 5 p-m). Prepare economic analysis following ADB's *Guidelines for the Economic Analysis of Projects* (1997), including assessments of macroeconomic context, demand assessments, identification of project alternatives and least cost analysis, cost-benefit analysis, sustainability analysis, sensitivity analysis, and distribution analysis.

13. **Finance Specialist** (IS, 5 p-m). Prepare financial analysis and undertake financial due diligence following ADB's *Financial Management and Analysis of Projects* (2005) and *Financial Management Technical Guidance Note* (2015), including financial management assessments of the proposed executing and implementing agencies. Design funds flow and disbursement mechanisms based on the results of financial management assessments, and provide relevant inputs to the PAM. Assist the team leader/civil engineers prepare consolidated detailed cost estimates for each separate loan.

14. **Social Development Specialists-Country Coordinators** (IS 8 p-m; NS 4 positions for 3 p-m each). Conduct socioeconomic surveys and poverty assessments to establish baseline conditions, targets, and monitoring mechanisms; prepare summary poverty reduction and social strategies and indigenous people's safeguard documents in accordance with ADB's *Safeguard Policy Statement* (2009), including ADB requirements for compliance with core labor standards; oversee/provide quality control for resettlement planning documents; prepare gender analysis and action plans, stakeholder analysis and communication strategies, and consultation and participation plans.

15. **Resettlement Specialists** (NS, 4 positions for 2 p-m each). Prepare resettlement safeguard documents in accordance with ADB's *Safeguard Policy Statement* (2009).

16. **Environment Specialists** (IS, 5 p-m; NS 4 positions for 1 p-m each). Prepare environment safeguard documents in accordance with ADB's *Safeguard Policy Statement* (2009). Assess the potential impacts of climate change on project investments and ensure climate resilience is incorporated into infrastructure design.

17. **Tourism Planner** (IS, 3 p-m). Prepare summary tourism sector assessments, tourism demand analysis for subprojects, and capacity building programs to strengthen implementation of regional tourism standards and promote private sector development. Identify opportunities for private sector participation in the development and management of tourist attractions. Provide design advice for infrastructure subprojects to ensure tourism functionality.

18. **Procurement Specialist** (IS, 4 p-m). Prepare procurement risk and procurement capacity assessment, procurement plan, risk management and mitigation plan, and relevant inputs to the PAM. Prepare master bidding documents for each type of contract in the procurement plan and assist governments take advance procurement and consultant recruitment actions to ensure rapid project start-up.

E. Implementation Arrangements

19. ADB will be the executing agency of the R-PPTA. Implementing agencies will be GMS national tourism organizations.⁸ Each national tourism organization will establish a national steering committee comprised of at least 3 senior officials to oversee preparation and approval of the updated GMS tourism sector strategy. Countries participating in the Second GMS Tourism Infrastructure for Inclusive Growth Project will appoint at least 5 counterparts to manage and coordinate R-PPTA implementation, including a full-time R-PPTA manager and staff familiar with the preparation of ADB-financed infrastructure projects, social and environmental safeguards, tourism destination management, and regional tourism cooperation. The proposed R-PPTA schedule is in Table A3.4.

Table A3.4: Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
Concept clearance/ Project Preparatory Technical Assistance approved	25 March 2016
Consultants mobilized to update GMS tourism sector strategy	4 April 2016
Completion of updated GMS tourism sector strategy	30 October 2016
Consultants mobilized to prepare Second GMS Tourism Infrastructure for Inclusive Growth Project	1 November 2016
R-PPTA inception workshops	30 December 2016
R-PPTA interim workshops/submission of interim report	30 September 2017
Final R-PPTA workshops/submission of final report	31 January 2018
Launch project start-up support	1 April 2018
Physical completion of the project preparatory technical assistance	30 December 2018
Financial closure of the regional project preparatory technical assistance	31 January 2019

R-PPTA = regional project preparatory technical assistance.

Source: Asian Development Bank.

⁸ National tourism organizations comprise the Ministry of Tourism, Cambodia; [People's Republic of] China National Tourism Administration; Ministry of Information, Culture and Tourism, Lao PDR; Ministry of Hotels and Tourism, Myanmar; Ministry of Tourism and Sports, Thailand; and Ministry of Culture, Sports and Tourism, Viet Nam.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Cambodia, the Lao PDR, Myanmar, and Viet Nam	Project Title:	Second GMS Tourism Infrastructure for Inclusive Growth Project
Lending/Financing Modality:	Project	Department/ Division:	SERD/LRM

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The project will contribute to national poverty reduction and inclusive growth strategies in Cambodia, the Lao People's Democratic Republic (Lao PDR), Myanmar and Viet Nam (CLMV) by promoting tourism growth in secondary towns, which creates well-paying jobs accessible to women, men, youth and ethnic groups. The tourism industry in CLMV is labor-intensive. On average, six international visitor arrivals create one local job in tourism-characteristic small and medium-sized enterprises (SMEs) such as accommodations, food and beverage services, retail, tour services, transportation, and home-based cottage industries. Promoting tourism growth in project areas will also provide farming families with opportunities to raise their incomes by creating markets for value added agricultural products that can be produced and marketed locally.

The percentage of the population below the poverty line of \$1.25 purchasing power parity per day is 2.4% in Viet Nam, 10.1% in Cambodia, 26.0% in Myanmar, and 30.3% in the Lao PDR. However poverty rates in project areas are as high as 12% in Cambodia, 30% in the Lao PDR, 26% in Myanmar, and 35% in Viet Nam due to underemployment, lack of productive assets, and limited access to social services.⁹ In addition to promoting tourism growth and job creation in employment-intensive subsectors the project's focus on improving urban-rural connectivity and environmental infrastructure in secondary towns will expand the poor's access to public services such as education, health services, and sanitation. Improving infrastructure to boost inclusive growth is a priority of the GMS Strategic Framework 2012–2022 and Asian Development Bank (ADB) country partnership strategies for CLMV. Comprehensive capacity building and tourism investment promotion in project areas will amplify the benefits of infrastructure investments and improve the competitiveness of SMEs.

B. Poverty Targeting

☒ General Intervention ☐ Individual or Household (TI-H) ☐ Geographic (TI-G) ☐ Non-Income MDGs (TI-M1, M2, etc.)

The project will expand economic and social opportunities for rural and urban residents. Improved access to tourist attractions in peri-urban and rural areas will increase economic opportunities for poor and lower-income families and generate positive spillover effects in a range of subsectors. Expanding the quality, coverage, and affordability of urban environmental services will improve the health and living conditions of poor residents.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

Potential beneficiaries of the project are: (i) urban and peri-urban residents that will benefit from improved and expanded access to environmental services; (ii) owners and operators of micro- small and medium sized enterprises, which are primarily women and ethnic groups; (iii) farmers that will benefit from improved access to markets and services; and (iv) destination management agencies (urban management, tourism management, and environmental managers). Rural and urban residents, including the poor, will benefit substantially from project interventions through expanded income generating opportunities, increased land values, job creation for unskilled and semi-skilled labor, increased local involvement in decision making, and improved self-reliance. Awareness programs and infrastructure improvements will reduce social and health risks for the population living in project areas. Recent assessments suggest the percentage of the population with access to clean water and improved sanitation in project areas is lower than national averages.

2. Impact channels and expected systemic changes.

The project will positively impact poor and vulnerable groups by: (i) providing a means for the poor to diversify livelihoods from subsistence agriculture to salaried employment; (ii) lowering operating costs for home-based cottage industries; (iii) introduce/strengthening progressive tariff systems to ensure environmental services are affordable; (iv) climate-proofing infrastructure to reduce the poor's risk of losing assets due to natural disasters, and (v) strengthening community tourism groups to ensure that poor, ethnic, and women-headed households have a voice in tourism planning and better access to training and economic opportunities. Civil works contractors will be contractually required to hire at least 30% local unskilled labor, of which 25% will be women.

⁹ Proposed project areas include Preah Sihanouk, Cambodia; Oudomxay and Vientiane Province, Lao PDR; Mandalay Region and Mon State, Myanmar; and Lai Chau, Nghe An, Son La and Thai Nguyen, Viet Nam.

3. Focus of (and resources allocated in) the Project Preparatory Technical Assistance (PPTA) for due diligence. Poverty and social issues that need to be carefully reviewed during project design include the affordability of urban services and access to economic opportunities at tourist attractions. The PPTA will give due consideration to the potential negative effects of tourism growth on the poor in project areas (e.g. increased pollution, congestion, price increases and spread of communicable disease). Social development specialists will conduct poverty and social analysis and formulate appropriate mitigation measures following ADB's *Handbook on Poverty and Social Analysis* (2012).

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? Women represent about half of tourism industry workers in CLMV. Gender profile by job type varies but the majority of women are employed in lower-skilled jobs paying lower wages. Less than 35% of managerial positions in private tourism enterprises are held by women. Women also hold a lower percentage of middle and high-level public management positions than men. Analysis of the roles, responsibilities, needs, and interests of men and women will be used as the basis of a gender action plan to be prepared during the PPTA.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

☒ Yes ☐ No

Targeted training programs will increase the number of women public and private tourism managers and managers of public infrastructure assets. Women will participate in project steering committees and as members of certification boards to oversee implementation of regional tourism standards. Women-owned accommodation enterprises such as homestay, guesthouses, and hotels will receive direct assistance to raise the competitiveness of their businesses through support to raise service standards.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

☐ Yes ☒ No

The project will include measures such as awareness-raising programs and cooperate with law enforcement agencies to protect women and girls from the potential negative social effects of tourism and set targets for women's inclusion in decision making institutions. Project facilities are expected to equally benefit women and men.

4. Indicate the intended gender mainstreaming category:

☐ GEN (gender equity) ☒ EGM (effective gender mainstreaming)
☐ SGE (some gender elements) ☐ NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The main stakeholders are: (i) urban and rural residents living in/near secondary towns in the GMS economic corridors, including ethnic groups and women; (ii) owners and operators of tourism-related enterprises, and; (iii) public agencies responsible for tourism, urban environmental management, and urban-rural transportation networks. A series of national and site-specific workshops including women, men, ethnic groups, youth and the elderly will be conducted in each country to gain the views of project stakeholders on project scope, implementation arrangements, community participation and grievance redress mechanisms, and other social, environmental and economic aspects of the project.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?

Representatives of nongovernment organizations, civil society, mass organizations, community-based organizations, and private sector associations will participate in workshops and focus group discussions to formulate the project's participation plan and stakeholder communication strategy. Household surveys and focus groups discussions with key stakeholders will establish baseline conditions and provide opportunities for stakeholders to provide inputs into the design of infrastructure and capacity building programs.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

☒ Information generation and sharing **H** ☒ Consultation **H** ☒ Collaboration **L** ☐ Partnership

The PPTA will consult with and generate/share information with civil society organizations active in tourism and urban development in CLMV, including several international nongovernment organizations, non-profit associations, tourism industry associations, and foundations that provide skills training for the urban and rural poor, and support women's and child protection. Civil society organizations may also be engaged by the PPTA to assist with social surveys.

<p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The PPTA will assess affordability of solid waste and wastewater treatment services using focus groups and surveys. Focus groups and surveys will be held with micro- and small enterprise operators at tourism sites to ensure design suitability and equitable access to improved transport infrastructure.</p>
IV. SOCIAL SAFEGUARDS
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Potential land acquisition impacts will be assessed during the PPTA in accordance with ADB's <i>Safeguards Policy Statement</i> (2009). Impacts, if any, will be minimized by focusing on upgrading existing infrastructure. Improvements will follow existing alignments and right of way.</p> <p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?</p> <p><input checked="" type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>There will be positive impacts on the livelihoods of any indigenous people living within proposed project areas. Investments may fall under Category B. Negative impacts are not expected. Impacts will be further determined during the PPTA in accordance with ADB's <i>Safeguards Policy Statement</i> (2009).</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?</p> <p><input checked="" type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input type="checkbox"/> Creating decent jobs and employment <input checked="" type="checkbox"/> L Adhering to core labor standards <input type="checkbox"/> Labor retrenchment</p> <p><input checked="" type="checkbox"/> L Spread of communicable diseases, including HIV/AIDS <input checked="" type="checkbox"/> Increase in human trafficking <input checked="" type="checkbox"/> L Affordability</p> <p><input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability</p> <p><input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design?</p> <p>Labor specifications and HIV/AIDS prevention activities will be stated in procurement documents and contractually binding. No illegal or child labor will be used for construction and maintenance. Surveys will review and help determine affordability, willingness to pay, and cost sharing mechanisms for urban services. Infrastructure design and capacity building programs will reduce the risks of communicable disease outbreaks and vulnerabilities. Mechanisms to prevent potential increases in human trafficking will be developed in consultation with key stakeholders including residents, migrants, law enforcement agencies, the private sector, government, and civil society organizations.</p>
VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT
<p>1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis and participation plan during the PPTA or due diligence?</p> <p>The PPTA includes an international social development specialist (8.0 person-months) and four national social development specialists (12 person-months total). The indicative budget for consultative workshops and surveys to support social, poverty and gender analysis is \$40,000.</p>