

Program G: SUSTAINABLE TOURISM DEVELOPMENT ALONG CORRIDORS

Title	Countries	Estimated costs	Priority class.	Contacts
Project G 13: GMS Coastal and River Cruise Lines	Cambodia, Myanmar, PRC, Thailand, Viet Nam	US \$2.1 mlns	Proposed	Lead: Mr. Yuan Tiexiang, Guangxi Tourism MTCO Christine Jacquemin, project coordinator, cjacquemin@adb.org , christine@MekongTourism.org , ; website: www.MekongTourism.org .

1. Location and Geographic Scope: All GMS countries with coastal areas and navigable rivers

Name of Project Leading Agency: ?

Name of Principal Sponsor/s: All GMS coastal countries with the support of PATA and Cruise Line companies.

2. Sector or Division (Market, Infrastructure, Destination, Circuit, Border Zone, Corridor, Study, HRD, Culture, Protected Area, Investment Support, Data & Information): Market, Destination, Circuit, Corridor, Investment Support.

3. Type of Proposed Project (Technical Assistance or Loan): Technical Assistance

4. Government Priority (High, Medium, Low): High priority at both NTO and Development Partner level.

5. Project Backgrounds and Rationale:

The GMS coastal countries include Myanmar, Thailand, Cambodia, Vietnam and PRC Guangxi. These countries possess a diverse coastal and island marine environment including key areas such as the resort centre of Bei Hai in Guangxi; Halong Bay, Hue, Ho Chi Minh City and the Mekong Delta in Vietnam; the Sihanoukville coastal and islands area in Cambodia, the Gulf of Thailand points in Thailand, and the Andaman Sea coastal and Island region on the south west coasts of Thailand and Myanmar. Together with their unique cultural, natural and historic attractions, these offer unique cruise tour experiences built around the Mekong as a single destination. Already, some cruise tourism activity emanates from Bei Hai to Halong Bay as well as from Hong Kong to the Vietnamese coast and from Singapore and Bangkok to the coastal areas of Thailand. Some river cruising also occurs on the lower reaches of the Mekong to Tonle Sap from Ho Chi Minh City, as well as from Yangon to Bagan up the Ayeyarwaddy River. Overall however, the potential of cruise tourism has yet to be fully developed especially in the context of bringing the benefits of tourism to poor coastal and island communities in PRC Guangxi, Vietnam, Cambodia, Thailand and Myanmar.

The rationale of the project is to provide a market, product development, and tourism-related infrastructure foundation on which to build a major GMS cruising sector by 2015 in order to improve the distribution of the benefits of tourism between the GMS countries and within them, to improve the distribution of the benefits of tourism to the disadvantaged sectors of society i.e. the poor, women, and ethnic communities.

6. Project Objectives:

The overall objective of this project is to spread the benefits of tourism more widely between the GMS coastal countries especially to the poorer coastal communities through the development of coastal and river cruise tourism products. Specifically, the project aims to provide a framework to guide cruise ship investors and vessel operators, tour operators and the related GMS NTO and other government agencies in developing the cruise ship industry. The project will frame the key GMS cruise products and markets; identify the tourism-related infrastructure needed to develop and maintain GMS cruise products; and prepare feasibility studies for the provision of specific cruise ship support infrastructure on a loans basis.

7. Project Scope and Description:

The scope of the project includes the following tasks:

- To prepare a study of the current and likely future demand and supply for cruise tourism in the Asia Region giving special attention to cruising in the Southeast and Northeast Asia region.
- To assess the cruising market potential of the GMS coastal and river countries in terms of their major cruising attractions, cruise products (circuits and lines), cruising demand, and optimal location of cruise terminals.
- To evaluate cruise ship investors and operator interest in operating cruise ship programs in the GMS and to identify key issues and policies that need to be addressed in order to facilitate the development of the cruise ship industry in the GMS countries.
- To identify and investigate the feasibility of key cruise ship terminal, navigation and regulatory infrastructure requirements as a basis for developing an overall cruise ship infrastructure program using public sector loans and private sector BOT and BLT financing instruments.
- To seek registrations of interest from private sector investors in partnership with the public sector of each GMS country to finance, develop and operate specific GMS cruise ship terminal infrastructure, identify project proponents through a screening and evaluation process.
- To prepare poor coastal and river communities, especially women to participate effectively in cruise tourism through hosting of cruise ship passengers on village visits and walks to key natural and cultural sites, cultural presentations and performances, production and sale of food and beverage, production and sale of handicraft, provision of local transportation and guiding services.

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- Coordinate the implementation of the overall cruise ship terminal infrastructure program and develop and implement monitoring methods to determine the impact of the program on the distribution of the benefits of tourism between the GMS coastal countries and within them, the distribution of the benefits of tourism to the disadvantaged sectors of society i.e. the poor, women, and ethnic communities.

The project will involve both a TA study to establish the demand and supply for cruising in the GMS as well as identification and managing the implementation of a cruise ship infrastructure development program that includes a community participation component. The TA study will identify and evaluate the feasibility of up to seven cruise ship terminal points, up to 14 smaller jetties giving access to key points for day visits, and related navigation works, and lay out a program of community preparation around the seven cruise ship terminal and day visit jetty points.

The project will also result in the production of investment memoranda designed to attract private sector investors to partner with the related GMS public sector institutions, the planning, financing, development and operation of the cruise ship infrastructure facilities. The project will go on to seek registrations of interest from proponents to invest in the GMS cruise ship infrastructure program and to assist in the selection of proponents to implement the program with co-financing support from the bilateral and multi-lateral development partners.

8. Links with GMS Countries and to Other Project/Donor Initiatives:

The project will directly link the GMS coastal countries and through fly/drive components, the inland portions of all the GMS countries. The project will support and help to complement existing policy initiatives by Cambodia, PRC – Guangxi, Myanmar, Thailand and Vietnam to encourage the development of the cruise ship sector. The project will support existing activities of various donors such as ADB, UNESCAP, WTO/UNDP, SNV, NZAid and others in developing a more pro-poor form of tourism in the GMS. In particular, the project would link strongly with the major Flagship Transportation and Economic Corridor Projects of the GMS.

9. Expected Outputs and Overall Outcomes:

This project has a number of proposed deliverables or outputs:

- A detailed study of the existing and potential cruise ship demand and supply in the GMS.
- A detailed assessment of the cruise ship infrastructure requirements and identification of a related cruise ship infrastructure development program including hard infrastructure and soft elements such as policies and regulations and the preparation of poor communities to effectively participate in the development of the program.
- Feasibility studies of each infrastructure component as well as environmental impact and economic impact evaluation of the projects and program.
- Information memoranda for seeking investors to partner with the public sector in the planning, financing, development and operation of cruise ship terminal and navigation infrastructure and related community preparation programs, and identification of proponents to undertake the projects.
- A system for measuring the social and economic impact of implementing the cruise ship infrastructure program giving special attention to poverty reduction and alleviation and the participation of women.

The overall outcome is expected to be the integration of a significant cruise ship product into the overall GMS tourism offering thus increasing the competitiveness of the GMS as a tourist destination; a significant increase in the volume and expenditure of the cruise ship market in the GMS and related development of tourism facilities and services; a more equitable distribution of the benefits of cruise ship tourism among the GMS countries; significant increases in livelihood opportunities among the poorer sectors of society in the coastal and river regions of the GMS resulting in higher levels of poverty reduction; and greater participation by women in tourism-related entrepreneurship and employment.

10. Impact on Poverty Alleviation:

Through its targeting of the participation of poor coastal communities through micro and small enterprise investment, expansion and job creation, improved product range and services, better access through infrastructure improvements to key areas, and enhancement of cross sectoral economic linkages, the project will have a major and direct impact on poverty alleviation and reduction in the GMS.

11. Impact on the Natural, Cultural and Social Environment, and Mitigation Measures:

The development of cruise ship terminal and navigation infrastructure will impact upon the sensitive marine environments of the GMS, especially on the Andaman Coast and islands and upon the natural areas that will be visited by cruise ship passengers during shore excursions. No major negative impacts are envisaged on the social and cultural environment. Careful study of the environmental impacts (natural, cultural and social environment) will need to be made and mitigation strategies identified and implemented in order to monitor and minimize any negative impacts.

12. Participatory Development Issues, if any:

There are likely to be considerable participatory development issues, especially with NTOs/border authorities/Port Development and Operating Agencies/ Poverty Alleviation Agencies, cruise ship companies and related organizations.

13. Sustainability and Financial Viability of the Projects:

The cruise ship infrastructure program should achieve a high level of sustainability and viability given strong growth in the cruising market for the subregion supported by proactive marketing of cruise ship products as part of the GMS single destination marketing program to be conducted by the MTCO.

14. Expected Impact on Target Beneficiaries:

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Target beneficiaries are:

- Poor coastal and river communities in the GMS.
- Women and ethnic communities.
- Key public sector agencies in the GMS such as the NTOs, Border Authorities, Port Development and Operating Agencies/ Poverty Alleviation Agencies.
- Cruise ship owners and operators.
- Local entrepreneurs and travel/tourism enterprises.

15. Private Sector Participation:

The project maximises private sector benefits and participation through private sector participation in the planning, financing, development and operation of cruise ship terminal and navigation infrastructure, and the provision of services to cruise ship tourists and operators through micro and small business enterprises.

16. Proposed Development Partners (Donors/Funding Sources):

TA study and community preparation support from JICA, Korea, Singapore, ADB and World Bank; and co-financing support for infrastructure development from multilateral financial institutions such as World Bank and ADB and bilateral Financing institutions such as JBIC. Major cruise Ship Companies will be sought to provide TA and investment support on a co-financing basis with the related public sector agencies in each GMS country.

17. Proposed Implementing Agency:

The MCTO with the support of the related NTOs, development partners and private sector organizations will act as the implementing agency.

18. Project Readiness (local approvals; availability of pre-feasibility study, etc):

No GMS wide pre-feasibility study prepared. Only limited country studies have been undertaken to date. The GMS countries are ready to move forward with a subregional approach to the development of the cruise ship market in recognition of the subregional character of cruise ship products.

19. Implementation (incl. preparations) Arrangements: None at this point in time.

20. Initial Estimated Cost: \$2.1 million in technical and co-financing of loans over 5 years.

23. Implementation Schedule (Draft):

Elements	2006				2007				2008				2009				2010			
TA Projects Design (\$150,000)	x																			
Inception Phase and planning of projects (\$150,000)		x																		
Studies, Surveys and program development (\$500,000)			x	x	x	x	x	x												
Implementation (\$ 4.1 million for co-financing of loans)									x	x	x	x	x	x	x	x				
Evaluation (\$ 100,000)				x				x				x				x				x

24. Major Constraints and Risks:

Minimal.