DEVELOPING ECOTOURISM IN CAMBODIA
CAMBODIA POLICY NOTE

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PROFOR
INNOVATION AND ACTION FOR FORESTS
DEVELOPING ECOTOURISM IN CAMBODIA
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JANUARY 2021
FOREWORD

Over the last two decades, Cambodia has experienced remarkable growth and has lifted many Cambodians above the national poverty line. The growth has been driven largely by tourism, the garment sector, agriculture and construction, and poverty reduction has been accompanied by improved human development and significant increases in living standards.

While Angkor Wat is the country’s main tourism attraction, Cambodia is also endowed with spectacular natural assets. Ecotourists value unspoiled nature, interaction with local communities, and the assurance that their presence does not harm the country’s ecosystem and livelihoods. Cambodia’s beautiful landscapes and rich cultural heritage clearly respond to 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. Diversifying the tourism industry can also create much-needed revenues to help manage Cambodia’s extensive protected area network and increase the economic value of services provided by Cambodia’s forests in the protected areas.

COVID-19 presents a big setback for the Cambodian economy and the tourism sector specifically. Owing to the onset and spread of the pandemic, the flow of international tourists has decreased significantly. For 2020, Cambodia’s tourist arrivals are likely to decrease by 80 to 90 percent, and annual tourism revenues could drop by about US$5 billion, with approximately 1 million jobs affected. Additionally, as more people become unemployed due to the fallout of COVID-19, the likelihood of turning to illegal activities to supplement incomes, such as wildlife trafficking, illegal logging, and clearing forests for agriculture, increases.

The Royal Government of Cambodia (RGC) has put a strong emphasis on ecotourism development and has made it an essential element of Cambodia’s post-COVID-19 economic and social recovery strategy. This will also be an important aspect of building back better – creating a more resilient economy while preserving natural assets, which in turn can boost sustainable livelihoods and create more jobs for the Cambodian people.

This policy note draws on the experiences and lessons learned of the World-Bank-supported Cambodia Sustainable Landscapes and Ecotourism project and the findings of the analytical report on Enabling Ecotourism Development in Cambodia. It provides five key sets of policy options and is providing guidance on the regulatory frameworks, institutions and partnerships, destination planning, and private sector involvement. All five areas are interrelated and complement each other, providing a holistic approach to creating an enabling environment for ecotourism in Cambodia.

Inguna Dobraja
Country Manager, Cambodia
East Asia and Pacific Region
ACKNOWLEDGEMENTS

This policy note has been prepared by a World Bank Group team led by Maurice Andres Rawlins and Werner Kornexl, with contributions from Elisabeth Steinmayr.

It is based on the findings of the Enabling Ecotourism Development in Cambodia Report (P174084), a World Bank advisory product developed for the RGC to support the sustainable development of ecotourism as part of a broader strategy for sustainable management of the country’s natural capital.

The report and this policy note are the outputs of rich dialogue and exchange with a number of institutions and individuals in the RGC. This work is part of the technical assistance provided under the Bank’s Enhancing Environmental Sustainability and Resilience in Cambodia technical assistance Program (P168687). The work was funded by the Program on Forests (PROFOR).

A World Bank team carried out this work in cooperation with Cambodia’s Ministry of Environment (MoE), Ministry of Economy and Finance (MEF), Ministry of Tourism (MoT), and Ministry of Rural Development.

The World Bank team would like to thank, in particular, H.E. Sao Sopheap, Secretary of State MoE, H.E. Hem Vanndy, Secretary of State MEF, and their dedicated teams, for support in data collection and technical guidance.

World Bank management, including Mariam J. Sherman, Country Director, Cambodia, Laos, Myanmar; Inguna Dobraja, Country Manager for Cambodia; Mona Sur, Practice Manager, for Environment and Natural Resources for East Asia and the Pacific; and Mark Austin, Program Leader for Sustainable Development, South East Asia, provided strategic guidance.

The team thanks John Trezise, Herbert Navasca, Christopher Carlos, and Graphic Roots for editing services.

The team is also grateful to Narya Ou for her support during team missions and stakeholder consultations.
<table>
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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>CBET</td>
<td>Community-based Ecotourism</td>
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<td>DET-MoE</td>
<td>Department of Ecotourism of Ministry of Environment</td>
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<td>EIP</td>
<td>Ecotourism investment project</td>
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<td>ESP</td>
<td>Ecotourism Services Program</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GIS</td>
<td>Geographic information system</td>
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<td>MAFF</td>
<td>Ministry of Agriculture, Forest and Fisheries</td>
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<td>MEF</td>
<td>Ministry of Economy and Finance</td>
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<td>Ministry of Labour and Vocational Training</td>
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<td>MoT</td>
<td>Ministry of Tourism</td>
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<td>NCCMD</td>
<td>National Committee for Coastal Management and Development</td>
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<td>NEP</td>
<td>National Ecotourism Policy</td>
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<td>NGO</td>
<td>Nongovernmental organization</td>
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<td>NPASMP</td>
<td>National Protected Area Strategic Management Plan</td>
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<td>PA</td>
<td>Protected Area</td>
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<td>RGC</td>
<td>Royal Government of Cambodia</td>
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<td>RMS</td>
<td>Revenue Management System</td>
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KEY MESSAGES

• **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. Cambodia’s tourism industry is a key contributor to its economic growth, but the slowdown in tourism before COVID-19 points to a need to diversify Cambodia’s tourism sector. As Cambodia is endowed with rich natural assets and picturesque landscapes that tourists increasingly are visiting, there is a strong case for investing in ecotourism development to diversify Cambodia’s tourism offerings and products. These investments can help to create new jobs and value chains, and can create revenues that can be used to support protected areas.

• **Key Message 2:** BUILD BACK BETTER after COVID-19 in the tourism sector by investing in ECOTOURISM. The impact of COVID-19 on the tourism sector – loss of revenues and jobs – makes the need for investing in ecotourism as a tourism sector diversification strategy even more urgent. Developing ecotourism can create short- and medium-term employment for persons whose jobs have been impacted by COVID-19. Use the halt in international tourism as an opportunity to develop new, high-value ecotourism products, services, and experiences in anticipation of when the international tourism market rebounds. The large number of Cambodians visiting ecotourism sites in 2020 shows the increasing demand for this market segment, indicating that there is room for improvement and expansion of products and services for the domestic market. This can not only help to increase short term revenues but also provide a bridge until the international tourism market opens up again.

• **Key Message 3:** Enable private sector investments through regulations for ecotourism; ecotourism infrastructure; protecting forest and natural assets; upskilling labor force and community ecotourism groups; and ecotourism marketing and communication. Private sector investments will be needed to complement public finance for ecotourism development in Cambodia. Strategic investments by the RGC in regulations, infrastructure, labor, and protected areas will help create an attractive environment for private sector investment.
Cambodia is blessed with a vast array of spectacular landscapes and pristine natural riches. This natural beauty, along with the country’s cultural wonders, is what ecotourists come to Cambodia for. The opportunities for supporting the expansion of the ecotourism industry to meet this demand are immense.

Ecotourism involves traveling to areas of pristine nature, usually protected, to appreciate the environment while causing minimal impact. Ecotourism offers multiple benefits. It:

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

The RGC is exploring ecotourism as a driver to strengthen the management of its rich natural capital and boost economic prosperity. Globally, it is estimated that ecotourism is increasing every year by 20 percent. 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 landscapes is under the PAs system, and the MoE, as steward over PAs in Cambodia, has included ecotourism as a core strategy for financing PAs in its National PA Strategic Management Plan (NPASMP) 2017-2031.

With a captive tourism market focused on the Angkor temples, and a growing domestic market interested in ecotourism experiences, the MoE and 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), which outlines the RGC’s plans to develop (i) large- and small-scale ecotourism operations; (ii) priority ecotourism areas; and (iii) private sector participation in ecotourism.

However, 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 economic crisis. Since the beginning of the outbreak, several local and international surveys have been conducted that can help us understand the impacts of COVID-19 on Cambodia’s tourism sector and guide the recovery. This note presents policy options to support the sustainable development of ecotourism as part of a broader strategy for sustainable management of the country’s natural capital. 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 Ecotourism Investment Projects (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. In addition, the Policy Note provides recommendations to the RGC to help the recovery of the tourism sector post-COVID-19. Further details on the recommendations can be found in an extensive World Bank advisory report on ecotourism development in Cambodia. The data on tourism in Cambodia analyzed in this Policy Note covers the period up to September 2020.
Developing Ecotourism is a Priority for Cambodia’s Tourism Sector and Economy

Cambodia’s tourism industry is a key contributor to its economic growth, it provides a sizable contribution to Cambodia’s economy, and this contribution has been on the rise for the past ten years. In 2019, tourism accounted for 21 percent of GDP, and in 2017, tourism accounted for 25 percent of Cambodia’s total exports. 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.

A recent slowdown in the growth of tourism in Cambodia, however, points to a need to diversify the sector. Angkor Wat has been the main attraction to Cambodia, and although the iconic temples still draw crowds, statistics are showing that fewer people are visiting every year. Visitors from key source markets such as 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. The average daily spending of tourists has declined by about 18 percent, which industry experts consider 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 number 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. Despite the COVID-19 pandemic, large numbers of domestic tourists in Cambodia visited natural sites across the country, indicating the demand for this market segment but also offering the operators an opportunity to further develop ecotourism products in the expectation of regional and international tourists to return to Cambodia.

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. 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 PA network and protect the important economic services provided by the forests in the PAs. Healthy plants and wildlife, and beautiful landscapes and nature in PAs are assets that create high value for ecotourism; they help generate about US$600 billion in annual revenues from ecotourism in PAs globally. 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.
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
COVID-19 Impact on the Industry is Significant

COVID-19 is an additional reason for diversifying the country’s tourism offerings. Though the country has not seen a COVID-19 outbreak (only 287 recorded cases as of October 25, 2020), due to international travel restrictions, the flow of international tourists has decreased significantly because of COVID-19. Compared to 2019, international arrivals had decreased by 74 percent by September 2020. The number of flights leaving Phnom Penh airport decreased by 80 percent and Siem Reap airport by 98 percent from March to April 2020. Bars, karaoke bars, 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 international tourist destinations in Cambodia have been empty. Cambodia is seeing tourist arrivals decrease by 80 to 90 percent in 2020, which results in an estimated loss in tourism revenues of about US$5 billion. Domestic tourism can contribute to tourism revenues even during COVID-19. Still, for this to happen, the quality of ecotourism products and services at natural sites and community-based ecotourism (CBET) initiatives needs to be enhanced to increase domestic tourism spending.

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 incidences of illegal wildlife poaching in Cambodian PAs where tourism has declined.

Making ecotourism development a part of Cambodia’s 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.

Tourism’s sizable economic and social footprint makes the sector vulnerable but also puts it in a unique position to contribute to wider COVID-19 recovery plans and actions. The United Nations World Trade Organization is advocating that tourism be part of countries’ COVID-19 recovery plans. Investments in ecotourism are a green stimulus that can create jobs im-mediately, such as infrastructure works (hiking and walking trails) for ecotourism, and stimulate economic activity. Marketing Cambodia as a place to visit with unique biodiversity and nature-based experiences and remoteness will attract more tourists in a post-COVID-19 world whose desires are ‘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.

6 The arrivals since April are not to be considered as tourists, as no tourist visas were issued in order to contain the coronavirus.
7 Garcia. Andres. 2020 [unpublished].
9 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.
Relatively Weak Enabling Environment for Ecotourism

The National Ecotourism Policy (NEP) sets out the Government’s strategy to develop the ecotourism sector but does not provide comprehensive guidance for ecotourism. The NEP focuses on three key areas: 1. Large- and small-scale ecotourism operations; 2. Priority ecotourism sites; and 3. Private sector participation in ecotourism. However, there is no specific policy in place for developing ecotourism in PAs. In addition, overlap and inconsistency among the three key and relevant laws (PA Law, Land Law, Concessions Law) are inefficient and cumbersome for potential investors and likely to act as a deterrent; see Box 1 for more details. 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.

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) Travel and Tourism Competitiveness Index for 2018 ranked Cambodia 98th 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 the 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 144th out of 190 countries in 2020.

Cambodia lags behind its neighbors on benchmarks for competitiveness, including on health and hygiene, as can be seen in Figure 3. 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.

Box 1: Overlaps and Conflicts between Laws

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 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.

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10 WEF. 2018
11 World Bank. 2020
Inadequate leadership and stakeholder coordination are holding up ecotourism development. 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) that 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 MoT, the 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.

Inadequate Planning and Management of Ecotourism Activities

Planning for ecotourism-related infrastructure development must be done with care and consideration for the environment, especially in ecologically sensitive zones within PAs. Although 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 consider the need for adequate connectivity and access, while preserving the PA. Insufficient transport infrastructure and weak services hinder sustainable tourism development. Many secondary destinations are unable to attract private investment in quality tourist service infrastructure.

**Lack of market research is a major challenge.** Without solid research data, it is impossible to make informed decisions or design effective products or marketing campaigns. Data are absent in 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 associated revenue. In addition, the length of stay has always been an issue, as tourists stay only for a short period in Cambodia, mostly to visit the temples of Angkor Wat. For at least the last two decades, there has been an effort to get tourists to ‘Stay Another Day’ in Cambodia.

**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. According to tourism industry experts, this is due to a lack of funding, poor coordination between public and private sectors, 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**

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. Limited resources for management, limited capacity of staff, and inadequate numbers of staff assigned to oversee PAs are key challenges that affect PA management in Cambodia. These limit the ability of the MoE to properly monitor PAs and may result in ecotourism operators failing to fulfill the requirements of their EIPs.

The 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 visitors, causing degradation and reducing the quality of their experience. There is also an opportunity to increase revenue collection at entrances of many cultural and natural assets in Cambodia. These funds can then be used to protect the assets.

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

**Low Quality of Ecotourism Offerings and Services**

One of the biggest causes of 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 communicate with visitors effectively.

Safety is also a critical consideration. This is particularly true when ecotourism services include activities similar to adventure tourism. Overall there has been insufficient development of a diverse set of ecotourism products in Cambodia.
To improve the ecotourism investment environment and make it more competitive, it is important to address the multiple challenges that constrain the development of the ecotourism sector in Cambodia. This note suggests actions that the RGC could take in the short and medium term, organized into four key policy areas (see Table 1 below): (i) Establishing and enforcing regulations and ordinances that build partnerships; (ii) strengthening institutional arrangements and capacity building for stakeholders; (iii) ecotourism destination planning, management, and marketing; and (iv) enabling the private sector. Specific and immediate action is needed to respond now to the COVID-19 pandemic, and a first set of policy recommendations is provided in Box 2: Respond Now to the COVID-19 Pandemic.

Box 2: Respond Now to the COVID-19 Pandemic

The ecotourism industry in Cambodia is facing a significant challenge and is struggling to survive. It has virtually no international visitors. 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 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. Some of these measures overlap with strategic actions that would have been necessary regardless of COVID-19.

Four urgent actions need to be implemented in the short term within the next six months, to rescue the ecotourism industry and set it towards a sustainable and successful future:

**Immediate Action 1: Develop and implement a specific communication strategy for tourism response during the crisis period**

- MoT and MoE to collaborate on leading and developing a unified communication strategy.
- Details to include crises protocols in case of sudden lock downs for stranded tourists, and 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: Implement 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.
- Regularly sanitize local travel infrastructure such as cars, buses and boats.
- Limit or prohibit food buffets.
Immediate Action 3: Prioritize the development of nature-based, ecotourism, or adventure-related destinations

- 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.
- Promote travel to ecotourism sites by domestic tourists also outside of national holidays and develop tourism products and services for Cambodia’s growing middle class.
- This recommendation aligns with other recommendations to MoE to invest in the branding of ecotourism in Cambodia.

Immediate Action 4: Support the implementation 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.

Strengthen Regulatory Frameworks

To strengthen the policy and regulatory framework for ecotourism, two types of legal instruments are needed. A Royal Decree on EIPs in PAs would supplement the PAs 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. Further, a Ministerial Prakas on EIPs is needed to provide clear operational guidelines. This Prakas should be developed jointly by MoE and MoT within the next six months, and should describe the processes for planning commercial ecotourism services, developing information leaflets and brochures, soliciting and evaluating proposals, and awarding new ecotourism EIP contracts. Existing contracts will likely need to be revised to include operating standards, facilities management, EIP investment management, and financial management.

The Prakas also needs to provide clarification on the best models for ecotourism, including guidance on each model. See Annex 1 for descriptions of the five proposed models.

Transforming the Prakas into a step-by-step guide would support the private sector in navigating 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. These guidelines should be made available in Khmer and in English.

Operationalizing the National Ecotourism Policy (NEP) will help to ensure alignment between the proposed Prakas and the NEP. While the current policy focuses mainly on the development of resorts, opportunities for community-based ecotourism, including homestays, guiding, demonstrations, and tours, should be explored and included in the policy as a simple way to promote the involvement of local communities. 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. It is recommended that this happens in the next six months.

A Revenue Management System (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. This RMS should be established within the next one-and-a-half to two years and build on existing legislation that guides how tourism fees should be used. 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 the Ministry of Environment (DET-MoE) manage the RMS in close collaboration with the MEF, MoT, and PA Authorities.

Strengthen Institutions and Partnerships

Encouraging strong partnerships and collaboration between communities, civil society, private ecotourism enterprises, and the MoE and MoT is key. Strong partnerships positively contribute to ecotourism and CBET initiatives and achieve their social and environmental objectives. Cooperation between communities, civil society, private ecotourism enterprises (see Box 3) as well as authorities in the PA and ecotourism sector needs to be encouraged starting immediately. This would reduce conflict and increase collaboration between them. It would also encourage the sharing of knowledge and build political will. Effective partnerships are also critical to the management of PAs, as they will help to overcome challenges facing ecotourism in Cambodia’s PAs, including issues of overuse and over-exploitation, low-quality products and services, lack of access to market, and limited coordination. The arrangements for partnerships should be included in the proposed Prakas.

Capacity building 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 PA authorities will assist them in meeting the diversifying needs of the ecotourism sector.

The capacity of MoE and provincial staff to properly manage ecotourism also needs to be developed with targeted training. A key recommended first step is to conduct a capacity assessment of DET-MoT. 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.

Developing and implementing an Ecotourism Services Program (ESP) and strengthening the DET-MoE as a service provider in the mid to long term will help to make the EIP investing process easier and seamless for investors in procedures such as applying for permits. The main objective of the 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 EIP services that are effective, efficient, transparent, accountable, timely, reliable, and inexpensive. By bringing ecotourism services together under a single office, bureaucracy will be reduced and there will be fewer delays in the process of permits and the approval process required at the various government levels. It will also reduce the information barriers that the private sector faces when developing ecotourism, standardize fees, promote transparency for accessing permits and licenses associated with ecotourism, and strengthen the management by the MoE for ecotourism development in Cambodia. Annex 2 provides more information on the proposed ESP.

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13 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.
Box 3. 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 community-based ecotourism (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.

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 PAs.

Investing in ecotourism destination planning and development would lay the groundwork for successful management and marketing. The first steps would be to identify three or four ecotourism destinations to develop in collaboration with tourism private sector players, to decide on a development vision for selected destinations, and to develop implementation plans for investments to achieve these visions. It is important to then determine the profile of foreign and domestic tourists for these priority destinations and the key markets for future growth. These steps will help to identify infrastructures needed for these destinations and gaps where private sector investment would be instrumental and should be taken immediately and continued in the medium term.

The MoE will have ultimate responsibility for 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. Capacity and skill-building activities should be carried out in the short and medium term. 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.
Developing a vision and brand for ecotourism in the Cardamom Mountains within the next two years is critical 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 now 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, [http://www.krugerpark.co.za/](http://www.krugerpark.co.za/).

## Enabling the Private Sector

For the sustainable development of ecotourism to happen, it is critical that the private sector be 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. The following actions are recommended to be taken within the next two years:

### Building the professional capacity of communities as ecotourism service providers is important.

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.

Communities’ capacity should also be built to engage in and provide investments for ecotourism-related value chains (agriculture/food and beverage for private ecotourism operations, souvenirs, and high-value premium non-timber forest products, local transportation, and gardening/landscape services.) These value chains should be identified as part of the destination management planning, and specific investment plans for them should be developed, identifying needed goods and infrastructure. Assessing and building capacities of communities should focus on engaging in the complementary value chains and livelihoods and also ways for entering into partnerships with the private sector. Guidelines for community-private-sector partnerships, including contract templates, and benefit-sharing arrangements, will enable successful partnerships.

Investments for ecotourism development should be identified during destination planning, but there are no-regret investments that could already be considered for ecotourism development. Investments are recommended to be designed in a way that promotes environmental outcomes and inclusivity. Infrastructure should be designed to promote energy and water efficiency, and where possible green construction materials used. 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. Priority investments are included in Annex 3.

Lastly, organizing an ecotourism industry forum allows the RGC to showcase investment opportunities available in PAs and for the private sector to advise government officials regarding investment needs. The RGC 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.
TABLE 1. POLICY OPTIONS TO IMPROVE THE ENABLING ENVIRONMENT FOR ECOTOURISM IN CAMBODIA

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Short-term options (within 6 months)</th>
<th>Medium-term options (1.5-2 years)</th>
</tr>
</thead>
</table>
| Mitigate the impacts of COVID-19 on the ecotourism industry | • Develop and implement a specific communication strategy for tourism response during the crisis period.  
• Implement clear rules around social distancing and group size.  
• Prioritize the development of nature-based, ecotourism, or adventure-related destinations. (continued in the medium term)  
• Support the implementation of appropriate hygiene and sanitation protocols for tour operators and guides. (continued in the medium term) | |
| Strengthen regulatory frameworks | • Implement strategic actions for operationalizing the NEP.  
• Develop new policies to address ecotourism regulatory challenges. | • Establish an RMS to improve management of ecotourism revenues. |
| Strengthen institutions and partnerships | • Strengthen partnerships and build capacity of MoE staff for more effective oversight and management of ecotourism in PAs. (continued in the medium term) | • Strengthen facilitating and coordinating role of the DET-MoE for Ecotourism Services |
| Strengthen destination planning, management and marketing | • Invest in ecotourism destination planning and development. (continued in the medium term)  
• Build capacity of MoE for ecotourism destination development and management. (continued in the medium term) | • Develop a vision and brand for ecotourism in the Cardamom Mountains with three or four ecotourism destinations prioritized for development. |
| Enable and support the private sector | | • Build professional capacity of communities as ecotourism service providers.  
• Build capacity of communities to engage in and provide investments for ecotourism-related values chains.  
• Invest in priority infrastructure for ecotourism development.  
• Organize an ecotourism industry forum in 2022 to ensure information sharing and feedback. |
REFERENCES


ANNEX 1. PROPOSED MODELS FOR ECOTOURISM DEVELOPMENT IN CAMBODIA’S PAS

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Community Enterprise</td>
<td>• This model puts the local community at the center of the initiative through ownership and involvement in the venture’s operation and management.</td>
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<tr>
<td></td>
<td>• The community is the main beneficiary of the initiative. Examples of community enterprise are prevalent in Cambodia, frequently as a legacy after facilitating agents withdraw from ecotourism ventures set up by NGOs.</td>
</tr>
<tr>
<td>Private Enterprise</td>
<td>• Private ownership of lodges, luxury tented camps or resorts in PAs is also a common model for ecotourism in Cambodia, which is usually established through an Ecotourism Investment Project (EIP) system.</td>
</tr>
<tr>
<td></td>
<td>• This model offers several forms of compensation to the Government, such as environmental fund, social development fund, reversion clauses upon the buildings or improvements made or the payment of a fee.</td>
</tr>
<tr>
<td>Community-Private Partnership</td>
<td>• Private sector partners can provide capital, business, and marketing skills and a client base to complement community assets, including land, labor, and local knowledge. 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.</td>
</tr>
<tr>
<td>Community-Conservation Partnership</td>
<td>• This arrangement aims to link biodiversity conservation in PAs with the wellbeing of the community who are dependent on the PA’s resources. These partnerships can be based on different forms of co-management and benefit-sharing mechanisms.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td>Private-Conservation Partnership</td>
<td>• This is a public-private partnership model. The public sector manages the PAs under the jurisdiction of the MoE. Private sector actors operate tourism initiatives, including ecotourism enterprises or private investors in EIPs.</td>
</tr>
<tr>
<td></td>
<td>• The partnership framework for this model must balance public interest, conservation, and the protection of local interest and market interest.</td>
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ANNEX 2. 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 the 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 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 with. Cancellation of EIPs should be a last resort.

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

   Eventually, there need to be ESPs sitting at provincial level too. To support this decentralization, 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

   DET-MoE will also need to work closely with local government offices. It is recommended that memorandums of understanding (MoUs) be established with these Ministries and local government offices in order to ensure a commitment to service provision.
## ANNEX 3. PRIORITY INVESTMENTS

<table>
<thead>
<tr>
<th>Priority Investment in Hard Infrastructure</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Urgent</strong></td>
<td>Suitable access roads and boat docks</td>
</tr>
<tr>
<td></td>
<td>Visitor or information centers</td>
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<tr>
<td></td>
<td>Interpretive paths, signage and circuits</td>
</tr>
<tr>
<td></td>
<td>Pay-toll facilities at the entrance</td>
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<tr>
<td></td>
<td>Solid-waste management facilities</td>
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<tr>
<td></td>
<td>Clean water supply facilities</td>
</tr>
<tr>
<td></td>
<td>Nature-based lodging and toilet facilities</td>
</tr>
<tr>
<td><strong>Moderate</strong></td>
<td>Construction of sewerage system</td>
</tr>
<tr>
<td></td>
<td>Energy-efficiency facilities and systems</td>
</tr>
<tr>
<td><strong>Needed</strong></td>
<td>Site specific: e.g. parking, wildlife viewing</td>
</tr>
</tbody>
</table>
## Priority Investments in Non-Infrastructure

| Urgent | 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:
|         |                                                         | • PA land registration, boundary demarcation and zoning
|         |                                                         | • Management plan (strategic and action plans included)
|         |                                                         | • Necessary guidelines
|         |                                                         | • Monitoring and evaluation tools
|         |                                                         | • Ecotourism handbook for PAs.
| Moderate | Capacity building for relevant stakeholders (MoE officers and PA management, rangers, ecotourism investors in EIPs, community-based initiative facilitating NGOs, management committees, communities) | Capacity may include:
|         |                                                         | • PA and CPA management
|         |                                                         | • relevant legal, policy and regulatory frameworks
|         |                                                         | • hospitality skills trainings
|         |                                                         | • ecotourism entrepreneurship
|         |                                                         | • environmental management
|         |                                                         | • green standardization and eco-certification
|         |                                                         | • language and communication skills.
| Needed | 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.

1. **Urgent**: 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.
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.