

SECTOR ASSESSMENT SUMMARY: TOURISM IN CAMBODIA¹

I. Sector Performance, Challenges and Opportunities

1. Tourism is a dynamic global economic activity that creates jobs, generates income, and drives regional cooperation and integration. Globally, international visitor arrivals reached 1.5 billion in 2019, a 4% increase compared with 2018.² Corresponding tourism expenditure in destination countries was \$9.26 trillion with \$2.9 trillion as direct expenditure³ and supported almost 334 million jobs.⁴ Remarkably, about 48% of tourists worldwide are from emerging economies, and 85% of global travel is intraregional. The People's Republic of China (PRC) is the world's top outbound source market, with 155 million international Chinese travelers (footnote 3) spending \$255 billion in 2019.⁵

2. Asia and the Pacific received 360.70 million international visitors in 2019, up 4.1% compared with 2018.⁶ Forecasts suggest that Asia and the Pacific will be the world's fastest-growing region through to 2030, when international visitors will reach 535 million, equal to 30% of global market share. Within Asia and the Pacific, the 10 Association of Southeast Asian Nations (ASEAN) countries welcomed 133 million international visitors in 2019 and is expected to grow by 5.1% per year and reach 187 million in 2030.⁷

3. Within the Greater Mekong Subregion (GMS), Cambodia, the Lao People's Democratic Republic (Lao PDR), and Viet Nam are endowed with diverse tourism assets and actively cooperate to promote tourism because of its substantial contributions to economic and social progress. Even though GMS tourist numbers have increased yearly from 2012 to 2019, the benefits of tourism receipts are not equally shared. The total number of inbound tourists to these GMS countries was 73.6 million in 2019 with the total shared between Thailand 39.8 million, Viet Nam 18.0 million, Cambodia 6.6 million, Lao PDR 4.8 million and Myanmar 4.36 million.

4. **Cambodia's Tourism Profile Pre COVID-19.** Tourism is a priority sector in the Cambodian government's Rectangular Strategy (Phase IV), and recognized for its contribution to socio-economic development, improvement of livelihood, and poverty reduction.⁸ Before the COVID-19 pandemic, domestic tourism was growing rapidly and reached 11.32 million visitors in 2019 with international visitors increasing 6.6% from 6.2 million in 2018 to 6.61 million in 2019. Tourism directly employed 630,000 people of which 60% were female and is the second largest employer of women following the garment sector. Cambodia tourists receipts for 2019, although significantly less than Thailand and Viet Nam, equaled \$4.919 billion and accounted for 12.1% of the country's GDP. Cambodia's inbound tourists originated from 10 top countries including China 2,361,849 (35.8%), Viet Nam 908,803 (13.77%) Thailand 466,493 (7.07%), Lao PDR 363,951 (5.51%), Korea 254,874 (3.86%), USA 248,863 (3.77%), Japan 207,636 (3.15%), Malaysia 203,008 (3.08%), France 164,117 (2.49%) and the United Kingdom 163,177 (2.47%). 82.40 originated from Asia and the Pacific. 77.4% of tourists visited Cambodia for the first time

¹ Adapted from ADB's *Tourism Sector Assessment, Strategy, and Road Map for Cambodia, Lao Peoples Democratic Republic, Myanmar, and Viet Nam* (2016–2018).

² United Nations World Tourism Organization (UNWTO). 2020. [International Tourism Growth Continues to Outpace the Global Economy](#). Madrid.

³ Statista. 2020. [Countries with the highest international tourism expenditure worldwide in 2019 and 2020](#).

⁴ World Travel and Tourism Council. 2021. [Economic Impact Reports](#). United Kingdom.

⁵ Statista. 2021. [Number of outbound tourists departing from China from 2010 to 2019 with an estimate for 2020](#).

⁶ UNWTO. 2020. [UNWTO World Tourism Barometer and Statistical Annex, December 2020](#). Madrid.

⁷ UNWTO. 2016. *World Tourism Barometer*. Madrid.

⁸ Government of Cambodia. 2018. [Rectangular Strategy for Growth, Employment, Equity and Efficiency \(Phase IV\)](#). Phnom Penh.

with 22.6% arriving as repeat visitors. 5,035 million tourists were holiday makers and 1.371 were business travelers. In 2019, the average length of stay was 6.2 days and daily average spending was approximately \$95 per person/day.⁹ Cambodia had 3,755 hotels and guesthouses (84,528 rooms with occupancy at 63.50%). Three international airports, located in the capital Phnom Penh, Siem Reap and Preah Sihanouk received 4,403,955 passengers (66.6%) 2,049,748 entered by land (31%) and 156, 849 by waterways (2.4%). Cambodia allows tourist visas on arrival for 193 countries and 15-day visa exemptions for ASEAN citizens.

5. Despite Cambodia's two-decade trend of increasing tourist numbers and the sector's contribution to GDP, issues and challenges persist for Cambodia tourism. Although endowed with stunning coastal areas, important conservation areas and eco-tourism sites and a significant number of heritage/cultural sites, 58% of all international tourists visit only Siem Reap and the Angkor complex. In 2018 1,939,550 tourist visited Angkor and in 2019 the number fell to 1,665,365. Commentators flagged that tourist numbers would continue to drop in future years unless new products were developed in Siem Reap to attract repeat visitors. Over reliance on the iconic Angkor has seen limited investment in policy/regulation development, human resources and infrastructure in other provinces and cities.

6. Analysts, investors and development partners, including ADB, have identified a number of factors that contribute to the lack of diversity in product offerings and visitor experience in Cambodia including (i) a weak business-enabling environment for higher-value travel and tourism (ii) shortages of skilled hospitality workers and public tourism management expertise (iii) insufficient transport infrastructure, sanitation, and clean water supply in secondary destinations (iv) Inadequate conservation and protection of natural and cultural heritage assets and (v) limited marketing which provides exposure to Cambodia's other provinces and tourist attractions (See Annex 1).

7. **Cambodia's Challenges to increasing Market Share.** Despite these strengths and opportunities, Cambodia is ranked low in the World Travel & Tourism Competitiveness Index.¹⁰ Key causes of low competitiveness and asymmetric growth are the lack of modern and well-maintained airports, ports, roads, sanitation and solid waste management facilities, flood control measures, and clean water supply in secondary destinations. Health services are also generally poor especially in the secondary towns and between towns on overland trips. Vulnerability to climate change exacerbates these problems. Annual economic losses from lower visitor numbers and reduced spending because of poor sanitation and hygiene is about \$90 million per year in Cambodia.¹¹ Other underlying problems are weak tourism planning, low service standards, shortages of skilled hospitality workers, and ineffective marketing.

8. Based on these deficiencies, Cambodia is compelled to invest more in climate-resilient transport infrastructure and urban services, particularly in strategically located secondary towns and destinations with good tourism potential. Capacity building to support the implementation of regional tourism standards is also needed to help SMEs become more credible and competitive. Such investments help boost visitor arrivals and spending and catalyze additional private investment to expand employment-intensive SMEs. In parallel, residents and visitors benefit from higher-quality sanitation and hygiene services, and less risk of losing assets to natural disasters. Moreover, the research demonstrates that each 1% increase in visitor arrivals is associated with

⁹ World Data. 2020. [Tourism in Cambodia](#). Germany.

¹⁰ In 2016, Cambodia ranked 98th, the Lao PDR 94th, Viet Nam 63rd, and Thailand 31st out of 140 economies evaluated.

¹¹ World Bank. 2008. *Economic Impacts of Sanitation in Southeast Asia*. Jakarta; and World Bank. 2009. *Economic Impacts of Sanitation in Lao PDR*. Water and Sanitation Program.

0.12% fewer poor people in a destination.¹²

9. **The Impact of COVID-19 on the Cambodian Tourism Sector.** The impact of COVID-19 on the tourism sector of developing countries has been catastrophic. Similar to many countries around the world the Royal Government of Cambodia (RGC) has escalated its response to COVID-19 pandemic with city wide lockdowns.

10. After the spread of the Delta variant in around April 2021, bans on inter provincial travel and public gatherings and all schools nationwide were closed. Travelers must have valid medical certificates issued 72 hours prior to travel, proof of medical insurance up to \$50,000 USD, be tested for COVID-19 upon arrival and undertake a 14-day quarantine with a re-test on the 13th day and a USD \$2,000 deposit on arrival to pay quarantine expenses. All visa exemptions and visas on arrival were suspended.

11. However, the situation has been stabilized by October 2021, with about 150 recorded cases daily nation-wide. Schools, government institutes, shopping centers, shops and markets are reopened, although vaccination cards are required for entry. New quarantine rules are in place: diplomats and government officials returning from missions require no quarantine; entry business travels require a 3-day quarantine provided the travelers are vaccinated; vaccinated tourists require a 7-day quarantine, while unvaccinated tourists require 14-day quarantine. Rapid polymerase chain reaction tests are still mandatory for all classes of quarantine, and security deposits are required for approved hotels. There is no travel restrictions within Cambodia. Lastly, electronic visas can be applied online.

12. Tourist arrivals for 2020 were recorded at 1.31 million with 1.15 million tourists arriving in the first quarter. This represents an 80% decline compared to 2019. As of 30 June 2021, international tourist arrivals to Cambodia were 91,596 with 20,695 tourists arriving in the June quarter. The plummeting numbers in the June quarter reflect the escalation of COVID-19 restrictions in Cambodia with the rise in community infections from less than 500 cases in January 2021 to more than 50,000 cases by 30 June 2021 due to the “February 20th event”¹³. Between January and June 2021, international tourist arrivals was only 108,000. For the entire calendar year of 2021, international tourists arrivals is estimated at 150,000 tourists. However, despite the 99% decline in international arrivals domestic tourism has maintained reasonable momentum with 7,230,000 domestic tourists travelling within Cambodia in 2020.

II. **GMS Government Sector Strategy**

13. Government tourism strategies closely align with regional commitments to promote more sustainable, inclusive, balanced, and competitive tourism, as articulated in the ASEAN Tourism Strategic Plan 2015–2025 and the Greater Mekong Subregion (GMS) Tourism Sector Strategy 2016– 2025.¹⁴ Regional strategies advocate infrastructure and human resource development, marketing, and the implementation of regional standards. The GMS strategy estimates that \$58 billion is needed to develop and upgrade tourism-related public infrastructure.

14. **Cambodia’s Tourism Development Strategic Plan 2012–2020** which is now under revision includes strategic directions to (i) enhance tourism product development and quality; (ii)

¹² Asia-Pacific Economic Conference. 2016. *Tourist Arrivals and Inclusive Growth*. Singapore.

¹³ Khmer Times. 2021. [Cambodia’s February 20 Community Event COVID-19 cases soar to 137, bringing total tally to 633](#). Phnom Penh.

¹⁴ ASEAN Secretariat. *ASEAN Tourism Strategic Plan 2016–2025*. Jakarta; and Mekong Tourism Coordinating Office. 2017. *Greater Mekong Subregion Tourism Sector Strategy 2016–2025*. Bangkok.

step up marketing and promotion; (iii) improve travel facilitation, transport, and international connectivity; (iv) boost tourism safety and negative impact management; (v) strengthen legal and management systems; and (vi) develop human resources.

15. **Cambodia's COVID-19 Recovery Strategy Plans** have been approved by the RGC who released two strategy documents in April 2021.¹⁵ The first is the 2021–2025 three-phase *National Tourism Recovery Roadmap* and the second is the 2021–2035 *Siem Reap Provincial Tourism Development Master Plan*. The Siem Reap Master Plan sets ambitious targets of attracting 10.9 million domestic tourists by 2023 and 7.5 million international tourists by 2025, creating 940,000 jobs and generating an additional \$6 billion in revenue for the province's economy. The Master Plan outlines seven primary strategic areas for the province's tourism development and includes (i) prioritization of tourist sites; (ii) new tourism products; (iii) promotion; (iv) quality and sustainability; (v) environmental management; (vi) infrastructure and connectivity; and (vii) administration.

16. The National Tourism Roadmap is designed to ensure timely interventions and to turn the challenges of the COVID-19 crisis into opportunities for nationwide tourism reforms over the next five years. In the first phase 2021 (Resilience & Restart), the plan addresses risk management with a "new-normal" approach and also a revival plan. The second phase 2022–2023 (Recovery) will promote post-Covid-19 recovery and crisis-impact minimization. During this two-year period the RGC will implement financial incentives to support priority projects in the tourism industry. The government will encourage new and innovative business models, in order to support the sector's regional and global competitiveness. The RGC will continue to provide professional training for the tourism industry concentrating on digital diffusion and upskilling and promoting the Kingdom as a safe tourist destination. The third and final phase from 2024–2025 (Relaunch) will lay the foundation for a new future for tourism, based on sustainable, quality and technology innovations within the context of industry revolution 4.0.¹⁶

III. ADB Sector Experience and Assistance Program in Cambodia

17. The Asian Development Bank (ADB) provided assistance to establish the GMS Tourism Working Group in 1994 and subsequently supports GMS countries with technical assistance and project financing to improve last-mile transport infrastructure, expand urban services, and promote pro-poor tourism in secondary towns. ADB has logically sequenced its tourism sector assistance to complement GMS arterial road and airport improvements that physically connect regional markets and create opportunities to increase cross-border tourism and investment. In 2017, ADB launched the novel Mekong Innovative Startup in Tourism business accelerator to identify and scale digital technologies that drive tourism growth in secondary destinations (footnote 1).

18. ADB's experience and support for a number of successful tourism development projects in Cambodia has been very positive. ADB financed and administered projects include the *Mekong Tourism Development Project* (2007–2010), *Improving Market Access for the Poor in Central Cambodia* (2011–2014) and the GMS Tourism Infrastructure for Inclusive Growth Projects Phase 1 and 2 (2014–2020 and 2018–2023). ADB's support for tourism projects is consistent with ADB's country partnership strategies for Cambodia, the GMS Strategic Framework 2012–2022, and ADB's Operational Plan for Regional Cooperation and Integration (2016–2020).

¹⁵ The Phnom Penh Post. 2021. [Long-term tourism plans okayed](#). Phnom Penh.

¹⁶ Royal Government of Cambodia. 2021. *Road Map for Recovery of Cambodia Tourism During and post COVID*.

19. The Operational Plan for Regional Cooperation and Integration is harmonized with other development partner efforts to boost inclusive and sustainable tourism. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Government of the Grand Duchy of Luxembourg, and Swiss Agency for Development and Cooperation are supporting tourism vocational training. Japan International Cooperation Agency (JICA), the New Zealand Aid Programme, and several nongovernment organizations are helping public agencies improve tourism planning and assist private entities develop and market tourism services. JICA and the World Bank provide substantial support for transport and urban development in the GMS corridors. The French Development Agency (AFD) is currently providing support through its *Tourism Commercial Capacity Building Program* which includes marketing programs for Eco tourism and Gastronomy. The World Bank is implementing the *Cambodia Sustainable Landscape and Ecotourism Project* which aims to improve protected areas management, and to promote ecotourism opportunities and non-timber forest product value chains in the Cardamom Mountains-Tonle Sap landscape.

20. Key lessons from past ADB operations include the need to (i) analyze tourism demand to guide selection of project areas, (ii) focus on larger public infrastructure, (iii) consider lifecycle costs and climate change when selecting engineering solutions, (iv) generate synergies with other ADB operations, (v) promote women-led enterprises and women's attainment of leadership roles to increase inclusiveness, and (v) build capacity for destination management and infrastructure operation and maintenance.¹⁷

21. Given the significant infrastructure financing requirements and the activities of other development partners, ADB continues to focus its assistance on improving urban–rural transport infrastructure, expanding urban environmental services, supporting SME development, capacity building for public officials, and the implementation of regional tourism standards. Such investments are necessary to create favorable conditions for private sector expansion into secondary tourist destinations, deepen regional market connections, and improve environmental sustainability.

IV. Community-Based Tourism Covid-19 Recovery Project

22. The *Community-Based Tourism COVID-19 Recovery Project* support tourism development, address the gaps in infrastructure, services and product development and support post COVID-19 economic recovery to improve the household incomes in Techo Thamacheat village in Choam Khsant district, Preah Vihear province and Prek Taphor village in Angkor Borei district, Takeo province (see annex 2). The two villages are close to significant UNESCO listed heritage sites of the Sacred site Preah Vihear and Phnom Da Temples).¹⁸ The project will benefit 3,945 primary beneficiaries and 25,032 secondary beneficiaries. The project has three components, (i) capacity building for local communities to provide improved tourist services and products; (ii) tourism and agricultural livelihood improvements; and (iii) provision of infrastructure and equipment to support tourism operations and high-value agriculture. The project will improve sanitation and potable water supply and promote good public hygiene, to the benefits of both residents and tourists.

¹⁷ ADB. 2009. [Sector Assistance Program Evaluation: Tourism in the Greater Mekong Subregion](#). Manila; and ADB. 2017. [Validation Report: GMS Sustainable Tourism Development Project](#). Manila.

¹⁸ Sacred Site of Temple of Preah Vihear was designated a World Heritage site in 2008. Phnom Da Temple is on the World Heritage Tentative List. While lesser known, Angkor Borei district can become an excellent weekend destination, which is about two-hours driving distance from Phnom Penh, or a stopover en route to and from the coastal provinces.

23. The project will be administered by ADB and funded by Japan Fund for Prosperous and Resilient Asia and the Pacific for an amount \$3,0 million and be implemented from December 2021 to November 2025. The project will be implemented by the Civil Society Alliance Forum (CSAF) who will act as the executing agency and the National Authority of Preah Vihear (NAPV) and The District Administration Office of Angkor Borei.

24. The project will build on the success of a completed Asian Development Bank (ADB) project, *Improving Market Access for the Poor in Central Cambodia* implemented from 2011 to 2014 at Sambor Prei Kuk heritage site in Kampong Thom Province.¹⁹ The project will align with two of six priorities in the Ministry of Tourism’s 2012–2020 Strategic Development Plan: (i) diversification of tourism destinations, and (ii) capacity building for tourism practitioners. The project also supports Ministry of Tourism’s recent efforts in promoting domestic tourism to compensate for the drop in foreign tourists.²⁰ It is also aligned with ADB’s Strategy 2030 operational priorities: (i) addressing remaining poverty and reducing inequalities; (ii) accelerating progress in gender equality; (iii) promoting rural development and food security; and (iv) strengthening governance and institutional capacity. Lastly, the project will support the United Nations Sustainable Development Goals (SDGs) 2030, specifically (i) SDG 1: no poverty; (ii) SDG 2: zero hunger; (iii) SDG 5: gender equality; (iv) SDG 8: decent work and economic growth; and (v) SDG 10: reduced inequalities. The proposed project is included in the Country Operations Business Plan 2020–2022 for Cambodia.²¹ The project is a pilot for the “100 Model Villages Project”, a government initiative with the objective of promoting rural development in villages with high potential for economic growth, turning them into “growth hubs” to simulate socio-economic development in surrounding villages.

25. Before COVID-19, the Preah Vihear UNESCO World heritage site in Choam Khsant district drew about 148,000 visitors annually (85% local, 15% foreign), and those in Angkor Borei district drew about 32,000 visitors (96% local, 4% foreign). Despite their proximity to the heritage sites, the two project villages are largely ignored by tourists due to limited local capacity to provide tourist services and limited tourism infrastructure. As subsistence agriculture is insufficient to sustain a livelihood, many households in Techo Thamacheat village and Choam Khsant district depend on remittances from family members employed in Thailand, Phnom Penh or Siem Reap. In Prek Taphor village and in Angkor Borei households cultivate mostly dry-season rice, which are sold to Viet Nam, and engage in small-scale cross border trade during wet season. The economic situation has deteriorated since COVID-19 outbreak in early 2020, which has caused mass unemployment in cities and severely disrupted cross-border trade.

26. The project will accelerate post-COVID-19 recovery in the two project districts. Initially, the project will target domestic tourism, which has the potential to remain strong notwithstanding the impact of COVID-19.²² For example, Preah Vihear temple received approximately 114,779 domestic tourists in 2020, representing a decline of just 13% on the 131,000 domestic tourists that visited the site in 2019. As Cambodia’s borders reopen to international travel, the project focus will shift to promoting intra-regional tourism. The objective is to retain existing tourists that are visiting the nearby heritage sites. As for high-value agriculture, it can be synergic with tourism but more importantly it will stabilize income during off-tourist season.²³

¹⁹ ADB. 2011. [Grant Assistance Report: Cambodia: Improving Market Access for the Poor in Central Cambodia](#). Manila.

²⁰ J. Senase and C. Vannak. 2020. [Domestic tourism to be boosted amid fears of COVID-19](#). Tourism Cambodia.

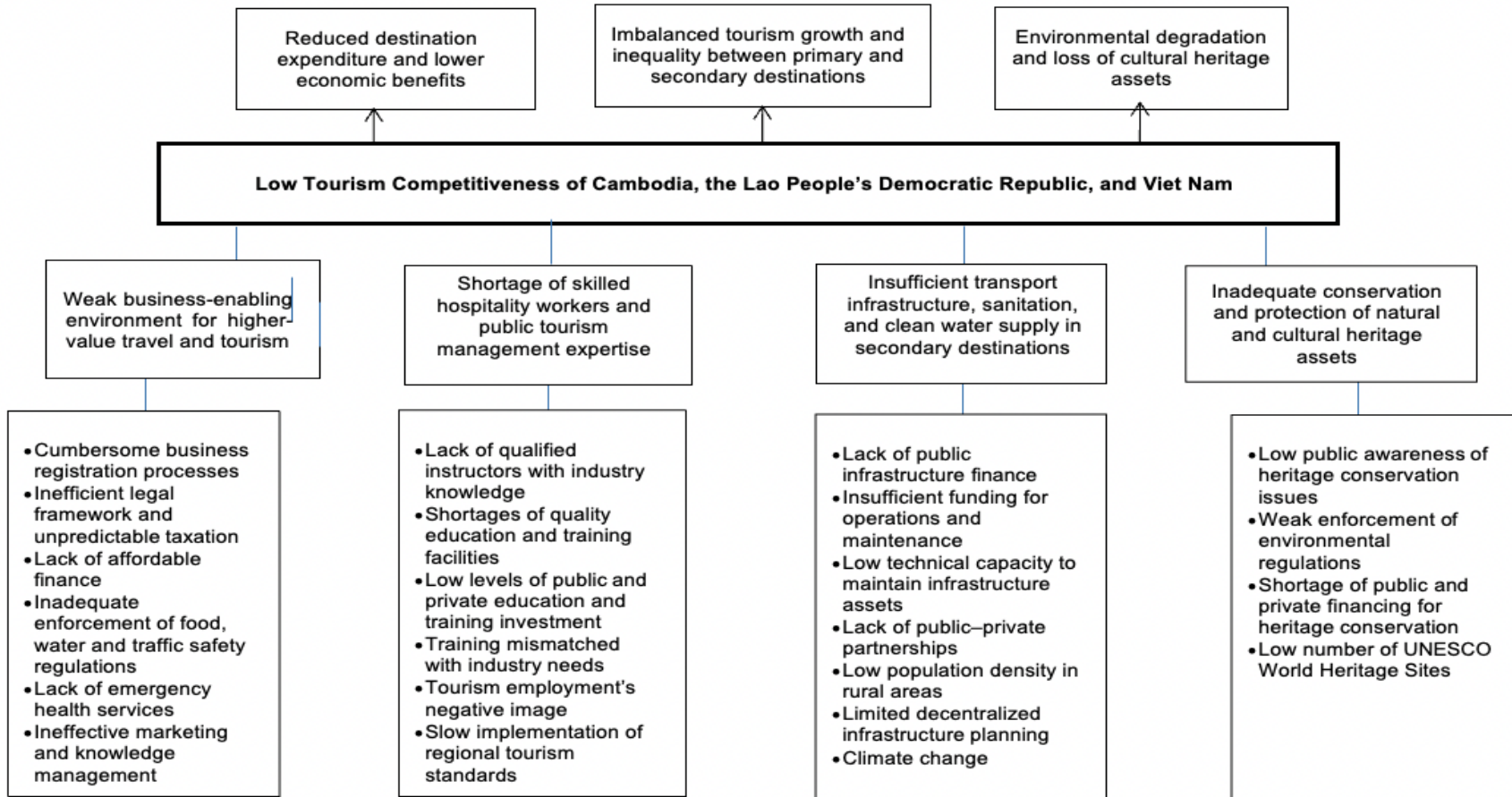
²¹ ADB. 2019. *Country Operations Business Plan: Cambodia, 2020–2022*. Manila.

²² Between January and December 2020, Choam Khsant district’s tourist numbers were 119,617 (96% national visitors) and for Angkor Borei district, tourist numbers were 16,936 (99% national visitors).

²³ Between peak (from November to February) and low season (from May to June), international arrivals variation can be as high as 47%. Tourism cannot provide year-round livelihood.

Annex 1

Problem Tree: Tourism in Cambodia, the Lao People's Democratic Republic, and Viet Nam



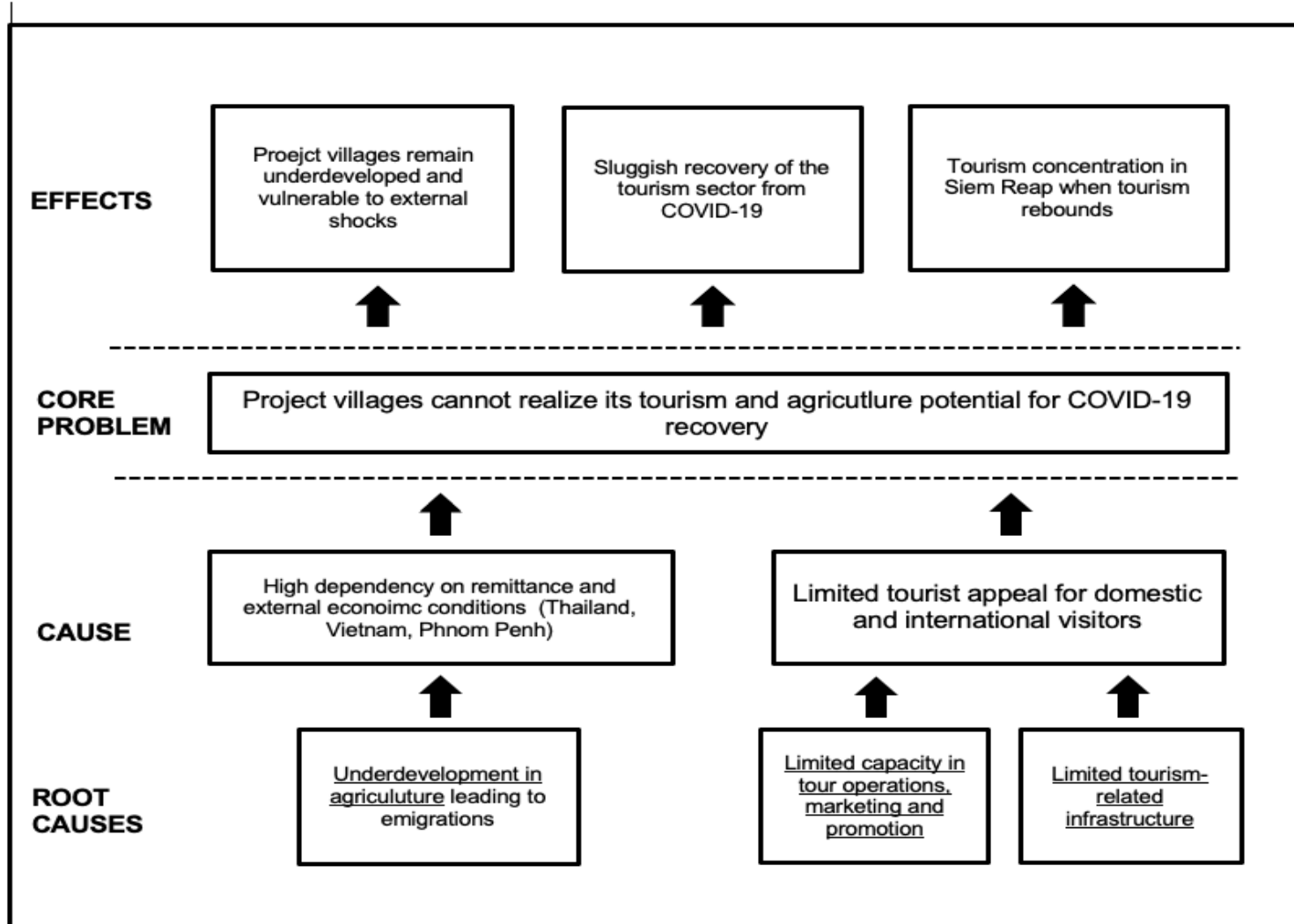
UNESCO = United Nations Educational, Scientific and Cultural Organization.

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, based on four subindexes: (i) enabling environment, (ii) travel and tourism policy and enabling conditions, (iii) infrastructure, and (iv) natural and cultural resources.

Source: Asian Development Bank.

Annex 2

PROBLEM TREE



Note: The proposed project will address the underlined root causes.