

**ASIAN DEVELOPMENT BANK (ADB)
MEKONG TOURISM COORDINATION OFFICE (MTCO)**

**19th Meeting of the Working Group on the
Greater Mekong
Subregion Tourism Sector**

**29-30 March 2007
Ho Chin Minh City, Viet Nam**

R E P O R T

ORGANIZATION

1. The 19th Meeting of the Working Group (the Meeting) on the Greater Mekong Subregion (GMS) Tourism Sector was held in Ho Chi Minh City, Viet Nam on 29-30 March, 2007. The objectives of the Meeting were to hear the progress report and future program proposals of the Executive Director of the MTCO in relation to promoting the GMS as a single destination, to allow the GMS countries to report on progress on strategic projects that they are leading, to hear a presentation on the GMS Core Environment Program and its relation to tourism, and to develop a better understanding of the issues facing the promotion of investment in tourism small and medium enterprises in the GMS. The Meeting was organized by the MTCO in collaboration with the Viet Nam National Tourism Administration and the support of the Asian Development Bank.

ATTENDANCE

2. Representatives from national tourism organizations (NTOs) of Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam, representatives of Yunnan Province and Guangxi Zhuang Autonomous Region of the People's Republic of China (PRC), as well as representatives of UNESCO, ESCAP, ADB, SNV Netherlands Development Organization and MTCO participated in the Meeting. Representatives of various other public and private sector organizations involved in tourism also attended the Meeting as observers. The list of participants is attached as Annex 1.

AGENDA ITEM 1: OPENING SESSION

3. Ambassador Vang Rattavong, Vice Chairman of the Lao National Tourism Administration and past Chairman of the TWG welcomed all the delegates and reviewed the progress made in the past year. He thanked the participating countries and development partners for their support in the past year and looked forward to a productive year ahead under the new Chair. Finally, he gave his appreciation for the work done by MTCO and handed over the Chairmanship to Mr. Pham Quang Hung, Director of the International Cooperation Division, VNAT.

4. The Chairman thanked Lao PDR for its leadership and promised to move forward with the overall program under the GMS Tourism Sector Strategy. He pointed out that the GMS had the potential to develop rapidly into a global destination and stressed the importance of tourism and poverty reduction and the equitable distribution of the benefits of tourism in the subregion. He acknowledged the important role of the development partners in helping to focus on the tourism cooperation agenda. He pointed out that while considerable progress has been made, many issues remained to be addressed within the context of the strategy such as investment, promotion, sustainable development, facilitation of cross border movements, and poverty reduction among them, and these require that the cooperation effort should be enhanced in the coming year. He looked forward to the full participation of all countries, development partners, and stakeholders in the private sector in moving the cooperation agenda forward. The Chairman then asked the delegates to introduce themselves.

AGENDA ITEM 2, 3 AND 4: APPROVAL OF MINUTES OF THE 18TH MEETING OF THE TOURISM WORKING GROUP ON GMS TOURISM, ADOPTION OF AGENDA OF THE 19TH MEETING OF THE TWG AND BUSINESS ARRANGEMENTS FOR THE MEETINGS

5. The Chairman asked for comments on the minutes of the 18th TWG Meeting held in Phnom Penh, Cambodia on 10 September 2006. The Viet Nam delegate advised that the proper presentation of the country's name was Viet Nam not Vietnam and that this should be used in future minutes. There being no other objections, the minutes (which are attached as Appendix 2), were unanimously adopted.

6. Agenda Notes were circulated prior to the Meeting to facilitate discussion of the various agenda items. These Notes are attached as Appendix 3. The Chairman then asked for comments on the Agenda for the Meeting. There being no objections, the agenda which is attached as Appendix , was unanimously adopted.

7. The VNAT reported arrangements for the holding of the meeting including schedules for refreshment breaks, lunch, and TWG dinner.

AGENDA ITEM 5: UPDATE REPORT FOR YEAR ENDING 31 DECEMBER 2006 AND FORWARD PLANS FOR 2007 AND 2008

8. The Executive Director of MTCO presented his report on activities in 2006 which is attached as Appendix 3. In the marketing area, the highlights were the establishment of the website, promotion of the GMS tourism brand, development of the Mekong Tourism Newsletter, and publication of the GMS Destination Brochure and GMS Fact Sheet. He noted increasing collaboration and cooperation with development partners such as PATA, UNESCO, UNESCAP, APETIT, ASEANTA and ICCA; and strengthening of institutional relationships with travel industry associations and the public sector. He advised that MTCO participated in 22 promotional events over the year to promote the subregion as a single destination. He noted that the private sector had difficulty in funding the operations of the MTCO as it preferred to fund projects that provided it specific and tangible benefits. He also reviewed and elaborated on specific partnership initiatives such as the Explore Asia/MTCO, UNESCAP/MTCO, Mekong Institute/UNESCO/MTCO, PATA/MTCO, Travel Mole/MTCO, and the GMS Core Environment Program/MTCO. He presented the financial report for MTCO showing a balance of \$4,936. Finally he sought approval and adoption by the TWG of the 2006 report.

9. Thailand expressed appreciation for report and asked that such a report be done at least every six months or even on a quarterly basis. While Thailand appreciated the participation of MTCO in various events and forums, Thailand felt that in future, the approval of TWG members should be obtained prior to such participation to ensure effective coordination-for example, in arranging the provision of free booth space at GMS national travel events and shows.

10. Lao PDR agreed with Thailand's remarks on the need for a quarterly or six monthly reports and asked about progress on fund raising for future promotional activities.

11. Thailand advised that it was necessary to consider the next round of financing since the budget is almost entirely used up. However, Thailand indicated that before full financing was provided, it was first necessary to reshuffle the MTCO

administration office based along the lines of the draft manual to be presented in Agenda Item 6, undertake an audit of MTCO's accounts, and receive specific reports on a two-year marketing plan, a development plan for priority development projects, and report on the restructuring of the MTCO office arrangements.

12. Viet Nam supported Thailand's comments and suggestions and added that MTCO should work as the secretariat in developing concrete projects which, after being sent to the member countries for further input, would be proposed to concerned institutions and governments for funding and implementation; and sought improved coordination between MTCO, the GMS countries, and other regional cooperation activities such as Asean.

13. Cambodia noted the report and agreed with the views expressed by Thailand. Cambodia also hoped that the MTCO will be able to raise more funds for marketing and promotions than it has been able to do to date. Cambodia agreed with the need to have an audit of the accounts of the MTCO office as a requirement for further funding and asked if Thailand could assist. Cambodia noted that there is a need to look at all the strategic programs, not just the marketing and product development program, and agreed that there is a need to significantly improve the communication and approval process between MTCO and the GMS NTOs. Cambodia pointed to the need for all GMS members to review and endorse all subregional promotional collateral publications prior to printing and distribution to ensure that these were consistent with, and conformed to their required standards including nomenclature.

14. The Executive Director advised that on the question of funding the marketing programs of the MTCO, the private sector had not shown much interest in funding the operations of the office but is interested in financing specific projects that benefit it. He noted that that an initial approach had been made to the EU regarding support based on the PROFIT/PATA program in the Pacific Islands but that this could not proceed as there was no time to complete the proposal. He noted that although no specific marketing projects have been developed for funding to date, some progress had been made in the provision of funds by the French Government to employ a Project Coordination Manager to work on the priority development projects. He expected this person to commence work in April and thanked the French Government for its support.

15. Thailand pointed out that in future, MTCO should first obtain the endorsement of the TWG country members for requests to donors such as the EU or similar requests for funding support or any other assistance in order to ensure that efforts with the donors are effectively coordinated at the subregional and national level. Procedures for arranging endorsements should be included as part of the MTCO Operations Manual. Thailand also expressed disappointment that PATA was not represented at this Meeting.

16. Mr. Peter Semone then gave a brief overview of the EU PROFIT program suggesting that it could be an interesting concept for GMS. He noted that he really did not have enough time to complete the proposal and agreed that the endorsement of the TWG partners was necessary in order to proceed.

17. The EC delegation advised that there was a facility under ASEAN Invest Program that the GMS could avail itself of. However, it noted that there was a need for a European partner and that the national partner countries must be informed in advance and be clearly engaged in the process. It encouraged the TWG to explore the opportunity as it could assist in advancing its strategic programs. Information on

the program including application forms were available on the Commission's web site.

18. Yunnan Province PRC thanked the Executive Director for the 2006 report and added that it would like to see more on how MTCO can promote the theme of Mekong Tourism in China in order to get more support for the GMS concept especially at the national level where it is still not well known and is interested in working together with MTCO to do this. For example, the China Travel Mart is in Kunming this year so MTCO can use this as an opportunity to promote the GMS in China. Yunnan Province PRC also noted that CNTA will pay the contribution to MTCO on behalf of Yunnan Province and Guangxi Zhuang Autonomous Region PRC. CNTA is arranging payment and Yunnan will follow up with CNTA after this meeting. It was also advised that the MTCO should communicate and coordinate more closely with CNTA.

19. Dr. Paul Rogers of SNV Lao PDR suggested that the TWG might consider inviting the focal point of the Mekong Private Sector Development Facility (MPDF) to join the TWG.

20. ADB thanked the MTCO Executive Director for his report and noted that the TWG structure is now a very mature working group--one of the best in the GMS cooperation program--that no longer required development partner financial contributions to sustain it. The TWG was lucky to have the MTCO even if it is under-resourced and he congratulated everyone for this achievement. He reiterated that the Executive Director is aided by the GMS countries and reports to them. In regard to the Executive Director's report, he noted that: (i) there was a need to improve communications with the countries and development partners and that reports should be provided well in advance to the countries and development partners. He suggested quarterly reports including work in progress for the next quarter with email-based endorsement to facilitate decision-making and to avoid the sort of problems raised by the delegates; (ii) there is a need to have a program for six months approved at the TWG meeting; (iii) that the website should be used to post activities and outcomes as a second level of communications; (iv) there is a need to prepare a one-page summary of the outcomes of participation in the 20+ events participated in; (v) in the case of marketing the GMS as a single destination, MTCO can either look for private sector partners to put funds into a marketing fund or if this is too difficult, then have specific marketing projects in which the private sector can invest in. But it needs to be made clear what these projects are in advance and they should be endorsed by the TWG as part of an overall marketing plan for 2007 and 2008; and (vi) felt that the development agenda aspects of the 2006 report could be significantly strengthened since it is very important to know where things are heading in this area.

21. The Chairman summarised that while undertaking many activities by the MTCO is good, there is a need to improve communications, present regular reports, and seek approval for programs and activities in advance. He indicated that there was a need to provide funding for MTCO and asked that member countries proceed to do this. He also noted the importance of strengthening the relationship between MTCO and the development partners and encouraged member countries to provide both space for MTCO in industry forums and events being held in their countries.

22. Thailand agreed with the Chairman's remarks but advised that its consideration on full funding for 2007 and 2008 would be contingent on the reshuffling of the MTCO office and improvement in approval, communications, and administrative procedures.

23. Myanmar agreed with Thailand's and ADB's comments but noted that in its case, it takes considerable time to obtain approvals from the ministerial level. In any case, its contribution for 2007 has already been remitted and requested an acknowledgement of receipt from the Executive Director once the funds have been received.

24. The Executive Director then asked for a resolution to accept the 2006 report. Thailand advised that this acceptance could not include the agreement for budget for 2007 and 2008 as this has yet to be discussed. On this basis, the Meeting agreed to accept the Executive Director's 2006 report and to hear the Executive Director's proposals for 2007 and 2008.

25. The Executive Director advised that the marketing and product development plan for 2007 and 2008 was based on ten key points:

1. Promoting the Mekong Brand.
2. Enhancement of the web site to tap a growing volume of on-line consumers and asked for the support of the TWG members in supplying content to the web site.
3. Enhanced and strengthened project coordination capacity through placement of a project coordinator with the support of the French Government in April this year.
4. Participation in ongoing events in the GMS countries with country support for MTCO participation through provision of free booth space and other assistance.
5. Publications development and cooperation: MTCO will consider adopting a similar approach to that being undertaken by PATA on destination publications.
6. Sponsorship activities and fundraising - this is a big issue and hard to do. However, there is some positive development here but as noted, this needs to be done on a project by project approach with clearly defined benefits if it is to interest the private sector.
7. Updating of Mekong promotional collateral materials - agreed that there was a need to consult with, and obtain the approval of, GMS countries before finalizing.
8. The Mekong Desk x 7 Program. Agreed that much needs to be done but that TWG needs to identify focal points in each NTO to connect with MTCO matters and assist in coordinating cooperative activities.
9. Cooperation with MTDP and other ODA Projects. Agrees that there is a need to extend relationship with other partners in the subregion; and
10. Encouraging continued growth in the partnership program

26. The French Government representative advised that it was pleased to announce that it has reached agreement with ADB and the project coordinator will be able to join MTCO by the end of April 2007.

27. The Executive Director advised that Implementation of the plan for two years will require: (i) a commitment to nominate focal persons in each NTO or provincial tourism administration in the case of PRC, (ii) secondment of the project coordination manager, and (iii) financial resources for two years. He advised that a contribution of \$26,500 was required from each country for 2 years (2007 and 2008) for a total of \$159,000.

28. Thailand acknowledged the proposal but advised that in view of the need for detailed discussion and working procedures, it would be better to discuss the plan and funding proposal later on. Viet Nam appreciated the proposal of the Executive Director but wanted clarification on the budget amount of \$26,500 as this was supposed to be \$15,000 per year or \$30,000 for two years. Yunnan PRC wanted to know why the amount had been reduced since the budget allocated was \$15,000 per year. Thailand noted that it should be clear what the annual fee is and that there is no need to discount the amount that has already been agreed.

AGENDA ITEM 6: PROPOSED GMS TOURISM COOPERATION MANUAL

29. Thailand advised of the importance of having clear procedures along the lines of the SOM meetings as well as Ministerial and Leaders level meetings and presented the draft of a proposed manual for GMS Tourism Cooperation among the NTOs and their development partners. Thailand indicated that there was a need to consider funding the immediate operations until detailed administrative arrangements of the MTCO are sorted out. In this context, Thailand proposed that the MTCO reshuffles the office in Bangkok and that the Executive Director present a report to the TWG Meeting in Hanoi in July 2007 for review, evaluation, and a decision on whether to renew the contract of the Executive Director until 2008.

30. Cambodia advised that it supported Thailand's proposal and added that the Executive Director should use the acronym MTCO, not MTO.

Yunnan Province PRC advised that it would need to put this proposal to their leaders for discussion and agreement and that they will revert their decision as soon as possible.

31. Myanmar advised that it would need to revert after submitting and getting a decision from the Ministerial level and it is unable to submit again to change at this point in time.

32. Viet Nam advised that they share the concern of Thailand especially in relation to organizing back to back meetings in association with ASEAN. This would work when ASEAN is meeting in one of the TWG member countries but the problem is when it is outside the GMS. The Ministers might not agree with that.

33. ADB advised that the tourism strategy already incorporates a proposal to report to Tourism Ministers at a ministerial meeting coinciding with the ASEAN Tourism Forum and suggested that this need not happen every year and that it could be left flexible. However, ADB supports the idea of having a ministerial meeting in Thailand in January 2008 coinciding with the Asean Tourism Forum to give it prominence. Later on, it can occur in conjunction with ASEAN or outside the framework when ASEAN is not in a GMS country.

34. Viet Nam advised that hosting the meeting in Hanoi is no problem as all the ASEAN reps will be there. However, will the TWG members be able to participate or not-especially China? Viet Nam would need to know what the invitation process would be. Yunnan advised that in this case, it would have to be the CNTA that was the focal point since it had responsibility for ASEAN tourism affairs.

35. The Chairman pointed out that without a higher level of commitment, it will be hard to move things forward so while he agreed with Thailand's approach, he also felt it should be kept as flexible as possible.

36. Thailand asked the Executive Director if he would be able to present the required report including a marketing plan for 2 years by July 2007 and proposed that \$5,000 be provided by each country to allow MTCO to continue operating up to July 2007 to prepare the required marketing and project implementation plans. If approved in July 2007, then the balance could be released.
37. Cambodia supported the proposal but raised the issue of splitting the budget especially in view of the fact that Myanmar has already sent its \$15,000 for 2007 and noted that it would be administratively simpler to send the whole amount.
38. Viet Nam advised that if the MTCO office is to be maintained anyway, then splitting the funding should not be an issue. The Thailand proposal is good but it need not be contingent on paying only part of the budget.
39. ADB advised that the Meeting should de-link funding from changes in running arrangements of MTCO. The countries can still contribute \$15,000 for the office but contingent upon the tasks that Thailand is recommending. It is sometimes difficult to split funds and it might be better to pay the full amount but the total expenditure up to July could be limited to no more than the proposed \$30,000. ADB noted that if in July 2007 the Executive Director's performance is not deemed satisfactory, then the Executive Director would be replaced. The report to the TWG in July 2007 should include recommendations on a more comprehensive 2-year marketing plan, a manual for operations for MTCO and the countries, and an implementation plan for the strategic projects. The report should be provided 2 weeks prior to the meeting in July in Hanoi.
40. Lao PDR advised in principle, support for the proposal to pay the \$15,000 but noted that it could also do it in the way suggested by Thailand.
41. The Chairman suggested that the Meeting adopt the ADB's suggestion to pay the full amount even if there are subsequent changes in the operations and staffing of the MTCO.
42. Myanmar advised that since it has already contributed the \$15,000 for 2007 which is as per the initial agreement of the contribution to MTCO, it would be impossible to change this now.
43. Thailand advised that it would be OK to contribute the maximum amount but that the Executive Director's budget up to July 2007 be restricted to \$30,000 with the balance available once a decision has been made as to his performance.
44. The Executive Director advised that his contract ended in February and that this needs to be renewed until July 2007 when it will be reviewed and a decision made as to the next step. He accepted the budget limit of \$30,000.
45. Thailand advised that it will contribute \$5,000 initially to cover the budget requirement to July 2007 and pay the balance thereafter based on the outcome of the review of the requested reports.
46. Myanmar has contributed \$15,000 for 2007 and agrees with the limit of expenditure of \$30,000 up to July 2007. Cambodia, Lao PDR, and China agreed that they will seek to contribute the full amount of \$15,000 for 2007 and accepted the limit of expenditure to \$30,000 up to July 2007.

47. Thailand pointed out that if it became necessary to recruit a new Executive Director, then there would be a need to establish a procedure for this in order to minimize the time required to recruit replacement staff in the MTCO. Thailand asked if it would be possible for the French Government coordinator to take on the work of the Executive Director should this become necessary until a new one was recruited.

48. The French Government representative advised that this would be difficult as the nominated person does not have a marketing background.

49. ADB agreed that it is better to put in place a staff replacement mechanism as a matter of procedure that makes it possible to move immediately to recruit new MTCO staff when this becomes necessary but acknowledged that this might mean that the MTCO may have to go without key staff such as an Executive Director for one or two months, an unavoidable consequence.

In closing the discussion on this agenda item, the TWG delegates resolved that:

1. they would review the draft manual and revert to MTCO for finalization and presentation in the report to be considered at the July Hanoi meeting;
2. they would pay the \$15,000 annual commitment for 2007 but agreed with Thailand's request to limit MTCO expenditure to \$30,000 to July 2007 until the Executive Director's report is received and a decision made as to his future;
3. that the Executive Director will provide a marketing, development and MTCO administrative plan and strategy for review in Hanoi in July 2007 (the report to be presented 2 weeks prior to meeting);
4. that an agreed recruitment procedure be developed and included in the MTCO Operations Manual to be prepared by the Executive Director for submission at the July 2007 meeting.

AGENDA ITEM 7: IMPLEMENTATION OF THE GMS TOURISM SECTOR STRATEGY

50. The countries were asked to give a brief progress report on the strategic projects for which they were the lead and provide a more detailed presentation for one project. The presentations were requested based on the strategic programs under the strategy. The first program dealing with Marketing and Product Development was already covered by the Executive Director of the MTCO.

Human Resources Development Program

51. Cambodia as lead country in a number of HRD projects reported that it is in the process of establishing a tourism institute at the Royal Academy in Phnom Penh and that it has been working with development partners such as UNESCO and SNV in undertaking training programs directed at heritage site managers, facilitation of tourism at borders, and subregional workshops on public-private sector cooperation and cross border arrangements. In future, Cambodia will work closely with other country tourism institutes through the newly established National Institute of Tourism.

52. ADB asked about the progress with the other projects in HRD that it had agreed to lead including: NTO officials training course in heritage management under the Phnom Penh Plan and advised that it was planning to support the other two strategic projects under the second ADB project focusing on training trainers for public sector officials and operational staff in the small to medium tourism enterprises.

53. UNESCAP reviewed its work in strengthening capacity for tourism HRD training in cultural tourism sites management in the GMS. This program is being funded by the French Government and is being implemented in three phases: (i) use of the APETIT network to develop a training material package, (ii) completion of a training manual in April 2007 followed by a series of national workshops, and (iii) follow up to see what has been achieved and needs to be done. This program is also being implemented with UNESCO within the framework of their ongoing UNESCO Cultural Heritage Specialist Guide Training and Certification Program.

54. The Viet Nam EU Human Resources Project representative advised that the project has been developing skills standards for 13 tourism occupations and that this could be made available to the other GMS countries.

55. Lao PDR advised that in the HRD and cultural tourist site management area, it had been working in coordination with UNESCO and Macau to conduct training workshops in October 2006 in heritage management. 29 participants from the GMS and 11 trainers from UNESCO-ICCROM participated in the program which focused on specific site management and subregional level management. Further national training programs are proposed in association with UNESCO and UNESCAP in May 2007 in Thailand, Lao PDR in June 2007, in Viet Nam and Cambodia July, China in September, and in Myanmar in October 2007. Lao PDR also reminded the Meeting of the holding of the Lao Ecotourism Forum with free booths for countries and MTCO and sought everyone's participation.

56. The Viet Nam delegate pointed out that in future, all invitations to attend GMS meetings in the GMS should be copied to the International Cooperation Department in order to avoid the situation where Viet Nam was not present at the October 2006 training program in Lao PDR.

57. Thailand advised that this issue brings the Meeting back to the problem of good communications and administration and asked for clarification on the role of the French Government sponsored Project Coordinator in relation to the development aspects of the Strategy, and the need for better coordination.

58. Myanmar appreciated the Lao PDR for its effort on the HRD projects and future programs but advised that it would not be ready to conduct a training seminar in 2007.

59. The Chairman noted that there is clearly a need to improve the communications and administrative arrangements between the countries on project implementation and that possibly this might be coordinated through the MTCO. These procedures should be included in the TWG/MTCO cooperation procedures manual.

60. ADB noted that the original idea was that each lead country should organize all activities on any one strategic project and that it was not intended to course all communications through MTCO with its rather limited resources. However, MTCO should be copied so that it can play the coordinating role through its project coordinator.

61. Thailand proposed that the new Project Coordinator should be asked to come up with a better proposal for communications and coordination on project implementation for the July meeting.

Priority Tourism Development Zones

62. Thailand provided an overview of tourism in Thailand indicating a 20% increase in tourism to 13 million in 2006 compared to 11 million in 2005. It also noted that there was significant growth from the GMS markets which all grew at double digit rates and attested to the strength of regional cooperation programs in the area of accessibility and tourism development and promotion. Thailand advised that it was responsible for 5 strategic projects but was concentrating on implementing the Emerald Triangle and the Heritage Necklace projects as these had greater priority.

63. In the case of the Emerald Triangle, Thailand recently improved tourist facilities to facilitate tourism to and within the area and plans to have a SOM meeting in the area in May 2007. On the Heritage Necklace, Thailand advised that it has gained the support of the GMS French Regional Cooperation in Sustainable Tourism and provided detailed examples of multimedia material to be used in promoting the Heritage Necklace based on showing five cultural heritage sites in five countries and providing additional information on attractions and facilities within a 100 km circuit of the main heritage sites in order to spread the benefits of tourism as widely as possible. Thailand also advised that it would seek to include Guilin in the project.

64. The French Government representative advised that France was pleased to be involved, that it looked forward to expanding the project to all GMS countries, and urged other donors to provide support to the project.

65. Yunnan Province PRC noted that it would like to include Lijiang in the Heritage Necklace line-up of famous destinations.

66. Yunnan Province provided an overview of tourism flows advising that international tourism reached 1.81 million in 2006 spending \$0.658 billion. Domestic tourism was 77 million person times with expenditure of around RMB 47 billion. Yunnan Province PRC is responsible for the Golden Quadrangle Tourism Zone and the Shangri-la-Tengchong-Mytkyina Tourism Zone.

67. On the Golden Quadrangle Tourism Zone, Yunnan advised that improvements to navigation on the Mekong River for cruise tourism between Jing Hong and Chiang Shan in Chiang Rai, Province, Thailand was completed in 2006. It was also advised that Yunnan was close to completing the North-South Corridor Highway this year and that its plans to work out travel routes for the area for implementation over the next two years.

68. In the case of the Shangri-la-Tengchong-Mytkyina Tourism Zone, Yunnan Province PRC advised that the Tengchong area was becoming a hit new tourism product in Yunnan and that this would accelerate with the completion of road improvement works between Tengchong and Mytkyina in 2007. It was also advised that there were plans to upgrade Tufeng Airport in 2008 and that Houqiao port would be developed into a first level port in 2008. The province is also planning to work out travel routes and circuit plans for implementation in 2007. The Shangri-la-Tengchong-Mytkyina Tourism Zone is of strategic importance to Yunnan and the GMS since it provides access to South Asia and its markets.

69. Thailand asked what should be done by the partners in the Golden Quadrangle Tourism Zone and recommended that a joint paper be prepared on investment which could be presented at the September meeting of the TWG in Lijiang. Yunnan Province appreciated the idea of a joint paper on stimulating investment in the Golden Quadrangle Tourism Zone. It was noted that one problem is

that neither China or Thailand allows border passes to be used in this area, making the facilitation of travel more difficult.

Pro-Poor Tourism Development Program

70. ADB advised that under the MTDP, pro-poor projects are being implemented in Cambodia, Lao PDR, and Viet Nam. In addition, as proposed under the second project for the GMS, a new round of pro-poor tourism subprojects is being planned in Cambodia, Lao and Viet Nam with the difference being that these will incorporate a supply chain component into pro-poor tourism development. These projects will be open to cooperation with Thailand, China and Myanmar to exchange information through the MTDP's six-monthly information exchange meetings.

Private Sector Participation Program

71. Cambodia advised that it has been trying to develop partnerships with the private sector through the establishment of the Marketing and Promotion Boards under the MTDP. Cambodia has already prepared a subdecree to allow the establishment of such a Board. Cambodia is also taking initiative for a private working group that is meeting shortly to consider private sector participation. Cambodia is also working on an accreditation and star-rating system for hotels, restaurants and other accommodation establishments which is a good example of a public/private sector partnership as it involves staff from the MOT working with representatives of the Cambodian Hotels Association.

72. Viet Nam observed in relation to tourism development in the GMS that it is the role of the private sector to undertake investment and development and that strong public-private sector partnerships were critical to achieving this. There is thus a need to develop a stronger GMS partnership approach especially among GMS tourism-related associations and NTOs in the framework of the MTCO.

73. Thailand observed that this is very important and that competition is very important. The NTOs need to think together on which way to go. Efforts should now be shifted to developing the software to allow cross investments in tourism between GMS partner countries and to make efficient use of the new access and other hardware opportunities now rapidly being put in place.

74. The Thailand EXIM Bank advised that it is keen to finance projects in the GMS countries and already has a growing portfolio of projects.

75. ADB pointed out that TWG has always put great importance on private sector participation as noted by the Investment Forum in 2006. This year, the focus is on Tourism SMEs and the Forum will be held the next day. On Tourism Boards, Cambodia and Lao PDR are moving forward but there are complications with resistance from bureaucrats. Viet Nam does not agree with the approach at all so it is not moving. Also, the idea was that MTCO should in the long run become a subregional tourism board that can attract funds from big business in tourism.

76. The Chairman advised that in Viet Nam, there is a need to generate more awareness of the role of the private sector and that a workshop sponsored by the ADB might help change the current mindset.

77. In relation to the Tourism SME Forum, Viet Nam briefly reviewed the forum program and advised that the Forum involves 6 GMS NTOs, other GMS organizations, banks and SME organizations. There are 190 delegates registered of whom 100 are

domestic participants representing financial institutions and enterprises as well as MPI, and MoF.

78. Dr. Paul Rogers of SNV Lao PDR observed that one of the reasons why the 2006 Forum was a success was that they began planning early on. He noted that because the tourism growth is so high and investment in great demand, there must be big opportunities in the investment area for future forums. He also noted that the responsibility to drive the forums needs to be clearly defined at the outset. He also recommended that a survey be carried out to assess key areas of private sector interest. This could help to identify marketing and development programs the private sector might be willing to fund and support, as well as future themes for marketing or investment forums.

79. Thailand advised that it agreed with SNV on the need to plan investment forums well in advance and noted that the question is, do we want to do another investment forum in the future? If so, get organized for it early and obtain ADB support. Thailand advised that it will focus on SME investment based on the Emerald Triangle and the Heritage Necklace Tourism Priority Zones by linking with Thailand's EXIM Bank and other lending institutions. Thailand suggested the need to come up with a public-private partnership project for SMEs.

80. ADB pointed out that another proposal within the GMS Tourism Sector Strategy is to establish a private sector partners group at the subregional level and would like to hear the current status of this group from the Executive Director. The Executive Director advised that the group that he had put together was mainly to advise on promotional activities, not function in the way suggested. ADB asked that this proposal be activated and that the Executive Director report progress on this in July.

Facilitation of Travel:

81. Cambodia as lead country on the Southern Tourism Corridor Zone reported that the Southern Corridor was a strategic project under the GMS Strategy and in the Cambodian tourism development strategy. It advised that it was seeking to obtain an MOU between it, Thailand, and Viet Nam to allow movement forward on implementation of the Project. In this context, a trilateral meeting framework between the three countries has already been agreed and a bilateral agreement with Viet Nam is in place for border check point improvements in this area.

82. Thailand agreed but felt that an MOU was not necessary and intends to discuss this at Sihanoukville in June 2007. Thailand supports this project and suggested that the dialogue partners need to be included, especially France. It also proposed an investment cooperation program as for the Southern Tourism Corridor Zone based on Pattaya City and Koh Chang in Thailand, Sihanoukville in Cambodia and Phu Quoc in Viet Nam.

83. ADB advised that it is keen to see the opportunity to use the Economic Corridors for tourism purposes under the current MTDP and for the next project which includes proposals for the three main corridors (N-S, E-W and the Southern Corridor as set out by Cambodia). It was noted that the program to Facilitate the Movement of Tourists in GMS mentions that there is the single visa proposal and border check point upgrading under the MTDP. It was pointed out that the border subprojects will not be included in the next project as the progress on these in the first project has been too slow and too complicated. Some training of border officials

will be done however, through the HRD component. Also MTCO should resume the work of AMTA on providing airline and road bus routes in the GMS.

84. On single visa, Cambodia advised that it has conducted a number of meetings on the single visa issue with Thailand, its pilot partner, but details have yet to be worked out especially procedures for issuing of visas to foreign nationals and distribution of visa fees where it is done by one GMS country on behalf of another. Thailand confirmed the above and advised that other problems need to be addressed on a more detailed level.

85. The Chairman pointed out that the NTOs should push as hard as possible to get the single visa project implemented.

86. ADB reminded the Meeting that the presentations should focus on presenting one project only as there is just too much to cover in the little time available. It was suggested that MTCO should come up with a proposal to prioritize, say, 10 projects and work on these for approximately 2 years.

AGENDA ITEM 8: GMS CORE ENVIRONMENT PROGRAM

87. To acquaint TWG members with the GMS Core Environment Program, Mr. Pavit Ramachandran, Program and Portfolio Specialist provided an overview of the Program including the institutional framework, the role of the core environment program, and key issues and plans for piloting the program in Cambodia. It was noted that the Working Group on the Environment fills a gap in the management of environmental issues at the subregional level and reviewed the vision, mission and action plan for the program. He noted that tourism was selected as a key sector in view of its growth potential and likely impact on the environment and livelihood impacts at the trans-boundary level. The Strategic Environmental Analysis (SEA) approach was explained, it being noted that this approach to environmental planning is better than dealing with it only at the subproject level when it is often too late and ineffective. Cambodia was selected as the pilot due to synergies such as the MTDP, the RETA 6279, National Development priorities, and strong provincial level interest. An area of special interest to the group is working with the provincial development committees. SEA is about coordinating across critical sectors such as Tourism, Environment, MP&I, etc. It is expected that MOT in Cambodia will be an owner of this process and hope that the program will provide models for provincial environmental planning. Capacity building will also be a key focus. The activity plan is for the next few years covering institutional capacity building, environmental planning, and training in the sector.

88. The overview presentation was followed by a more detailed presentation by Robert Basiuk, Environmental and Tourism Management Specialist, on ecotourism and environment management. The presentation noted that the GMS countries rely heavily on natural history tourism assets that are advertised in the brochures but the question needs to be asked, who is looking after these assets to make sure that they are managed well for the future? Clearly, good mechanisms are needed to ensure that conservation management is in place. It was pointed out that this was all about finding a balance between protection and development and that finding this balance requires participation of both the private and public sectors. It was pointed out that many challenges face the conservation management if natural assets in the area of education, massive growth in tourism, water conservation, waste management, development scales, and distribution of benefits.

89. Global issues in terms of changing consumer attitudes towards travel- especially long-haul travel-need to be taken into account. There is increasing talk about low carbon usage tour programs and carbon off-sets related to this. In many countries, there is the question of whether there are clear policies for development and management of ecotourism assets. Tourism objectives and their relationship to conservation of tourism assets needs to be strengthened along with procedures for conservation management and monitoring.

90. It was noted that the planning and SEA approach considers a range of issues including environmental functions, land use, the value of environmental services, land use compatibilities, criteria for development, new laws, regulations, and enforcement procedures. On protection of resources, the responsible agencies need to be supported and while co-management approaches are tools that can be used, the role of the conservation agencies is still pivotal. Involving the private sector is also critical as it is the generator of economic benefits. It was pointed out that protected areas need support in the area of designation, protection, capacity building, and financing and that the program would seek to support this. Building in sustainability through ecotourism, guidelines, water and energy efficient designs, waste treatment, and codes of conduct would also be key elements of the program.

91. Examples of how New Zealand, Australia, Canada, Thailand and other countries approach asset conservation from a practice point of view were given. These practices usually center around the presence of sound conservation policies at the regional level, emphasising visitor experience for which settings are created. Consolidated resource management laws are in place (that consolidate disparate laws into one). Their national parks have concession guidelines, jobs are clearly defined, there is a career path for site management staff, and they have a legal mandate to protect the sites. Erawan National Park in Thailand is given as a good example of how to eliminate solid waste problems by having visitors pay for taking bottles etc. into the park and getting money back if they bring the used bottles back themselves. Management plans are usually a legal requirement in all these countries supported by long-term management and training programs. The program will provide a management process that is the start of the road map to enhanced conservation management of natural tourism assets.

92. Professor Sofield (Cambodia) congratulated Mr. Basuik on his presentation and emphasised the need to adopt models to suit local conditions and incorporate different cultural value systems in applying principles for ecotourism development.

93. Paul Rogers of SNV congratulated the group for its presentation and briefed them on what has been going on in Lao PDR and the challenges related to these, especially in monitoring and evaluation, counting of tourism volumes and accessing funds and technical assistance to implement work programs developed by the Lao Ecotourism Working Group.

94. ADB advised that this program presented a major opportunity for the GMS countries and that they should actively seek to participate in it. ADB congratulated VNAT as Chair.

AGENDA ITEM 9: OTHER MATTERS

95. Viet Nam advised that to enhance cooperation with Lao and Cambodia on the Green Triangle Tourism Zone, it hoped to hold a meeting to discuss the scope of the project and to invite development partners on a study tour of the area.

96. Cambodia mentioned that in October 2007, it will have an International Tourism Exposition in Siem Reap and invited all TWG members and partners to attend.

97. Paul Rogers of SNV Lao PDR referred to a book on Tourism Legislation and the MDGs that SNV had prepared. He recommended that the countries could benefit from a review of this.

98. Viet Nam advised the delegates that the complimentary tour on 31 March is not the same as the one organized for the MTDP to the south.

AGENDA ITEM 10: NEXT TWG MEETING

99. It was agreed to accept Yunnan Province PRC's offer to host the 20th TWG meeting in LiJiang on Thursday 13th of September 2007. Yunnan Province advised that it would like to host a high-level workshop as part of the TWG meeting and this should be prepared in consultation with MTCO as soon as possible.

100. It was also noted that there was a need to reserve 7 July 2007 for the GMS meeting in parallel to the ASEAN meeting in Hanoi. ADB asked if the 6 core development partners could also be invited to this meeting. The Meeting agreed that the 6 core partners would be invited to attend.

101. In closing, the Chairman summarised the main points decided at the meeting as follows:

- The Meeting agreed to accept the Executive Director's 2006 report but not the budget proposals for 2007 and 2008 which are subject to the presentation of additional information in July 2007.
- The meeting expressed its gratitude to the French Government representative on its announcement that it has reached agreement with the ADB on the appointment of the project coordinator who is expected to join MTCO by the end of April 2007.
- The TWG members would review the draft manual and revert to MTCO for finalization and presentation in the report to be considered at the July Hanoi meeting.
- The TWG country members would pay the \$15,000 annual commitment for 2007 but agreed with Thailand's request to limit MTCO expenditure to \$30,000 to July 2007 until the Executive Director's report is received and a decision made on continuation of the service contract at that time.
- That the new Project Coordinator prepare a proposal for improved communications and coordination on project implementation for the July 2007 meeting.
- That the Executive Director will provide a marketing plan, a project development coordination plan, and MTCO administrative plan and strategy with a draft MTCO Operations manual for review in Hanoi in July 2007 (these documents to be presented 2 weeks prior to meeting).
- That an agreed recruitment procedure be developed and included in the draft MTCO Operations Manual to be prepared by the Executive Director for submission at the July 2007 meeting.
- That in the case of Viet Nam, all invitations to attend GMS meetings in the GMS in the future should be copied to the International Cooperation Department of the VNAT.

- It was agreed to accept Yunnan Province PRC's offer to host the 20th TWG meeting in LiJiang on Thursday 13th of September 2007.
- That there was a need to reserve 7 July 2007 for the GMS meeting in parallel with the ASEAN meeting in Hanoi.

102. In declaring the meeting closed, the Chairman advised his appreciation and gratitude to all participants for their active participation in the meeting and again thanked the past chairman and Executive Director of MTCO for their hard work.