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# E-tourism at a glance…. Cambodia

Contents

# Abbreviations

| | |
|---|---|
| ADB | Asian Development Bank |
| APSARA | Autorite pour la Protection du Site et L'Amenagement de la Region d'Angkor/Siem Reap |
| ASEAN | Association of Southeast Asian Nations |
| CANTA | Cambodia National Tourism Authority |
| CATA | Cambodian Association of Travel Agents |
| CHA | Cambodia Hotel Association |
| FIAS | Foreign Investment Advisory Service (part of The World Bank Group) |
| GMS | Greater Mekong Subregion |
| ICTs | Information and communication technologies |
| IFC | International Finance Corporation (part of The World Bank Group) |
| ISP | Internet Service Provider |
| HRD | Human Resource Development |
| IVA | International Visitor Arrival |
| LCA | Low cost airline |
| MoT | Ministry of Tourism, Cambodia |
| MPDF | Mekong Private Sector Development Facility (an IFC initiative) |
| MTCO | Mekong Tourism Coordinating Office |
| MTDP | ADB-supported Mekong Tourism Development Project |
| NSDP | National Strategic Development Plan 2006 - 2010 |
| NTO | National Tourism Organisation |
| NZAID | New Zealand's International Aid and Development Agency |
| PATA | Pacific Asia Travel Association |
| PPIA | Phnom Penh International Airport |
| RGC | Royal Government of Cambodia |
| SCA | Société Concessionnaire de l'Aéroport, Cambodia |
| SME | Small & Medium-sized Enterprises |
| SNV | Netherlands Development Organisation |
| SRIA | Siem Reap International Airport |
| TMPB | Tourism Marketing and Promotion Board |
| TWG | GMS Tourism Working Group |
| UNDP | United Nations Development Program |
| UNESCAP | United Nations Economic and Social Commission for Asia and the Pacific |
| UNWTO | World Tourism Organisation |
| WB | World Bank |
| WHL | World Hotel Link www.worldhotel-link.com |
| WTO | *see UNWTO* |
| WTTC | World Travel and Tourism Council |

Unless otherwise stated, all currency is in $ US Dollars

# 1. Background – tourism sector

## 1.1. Country context

In 1969, the year before Cambodian politics deteriorated into civil war, Cambodia received more tourists (and recorded a higher per capita GDP) than neighbouring Thailand. However, throughout the 1970s and 1980s, Cambodia disappeared from the international tourism market: it suffered first from a bloody civil war (1970-1975); then the devastating attempt by the Khmer Rouge to recast Cambodian society in a revolutionary socialist mould (1975-1978); then Vietnamese invasion (1979) and a decade of international isolation of the Vietnamese-supported post-Khmer Rouge government (1979-1991), which faced a protracted insurgency from three different anti-Vietnamese factions, including the remnants of the Khmer Rouge.

Tourism only began to revive in the early 1990s. The 1991 Paris Peace Accords led to a massive UN peacekeeping operation to repatriate refugees and oversee the first multiparty elections in 1993. The result was a peace that encompassed all but the Khmer Rouge. With this return to relative stability and an end to the international embargo on trade, travel and investment, tourism began to revive. This recovery was interrupted, however, in mid-1997, when coalition government broke down in inter-party military conflict, followed within a few months by the onset of the east Asian economic crisis, which reduced the flow of tourists from wealthier countries in the region. However, elections in 1999 began the process of restoring stability and economic growth, consolidated by the final end to the civil war as the last enclaves of the Khmer Rouge signed a peace agreement with the government.

## 1.2. Tourism Assets, Facilities and Services[1]

Apart from its turbulent past, Cambodia is best known for the stunning temples of Angkor, a UNESCO World Heritage site. There are additional though lesser-known temple sites mostly concentrated in the north and north west of the country. Cities and towns like the capital Phnom Penh and Battambang in the northwest still retain some old world colonial charm. The southern coast boasts beautiful white-sand beaches and the south west and north east of the country still have vast areas of outstanding natural beauty and primary jungle that is home to numerous and endangered animal species. The Mekong River cuts through the country entering from Laos in the north, winding its way south and then east through Viet Nam.

Siem Reap town (the gateway to the temples of Angkor), the capital Phnom Penh and the coastal town of Sihanoukville are the most accessible and developed centres from a tourism perspective. Whilst the coastal area and tracts of the Mekong such as the town of Kratie (the base for tourists interested in the Irrawady River dolphins) are accessible, tourism infrastructure like hotels and restaurants is more limited. Other areas of the country are harder to access and have very limited tourism infrastructure.

<u>Airports and Airlines</u>
Both Phnom Penh and Siem Reap have international airports. Cambodia does not have a national airline[2] and at present there are no direct longhaul flights to Cambodia. Flights from Thailand and Viet Nam dominate routes in and out of Cambodia. There are also inbound flights from China PRC, Hong Kong SAR, Japan, Laos PDR, Malaysia, Singapore, South Korea and Taiwan. Regional low cost airlines (LCAs) such as Air Asia also operate on some routes.

Domestic flights mainly operate between Phnom Penh and Siem Reap and on an irregular basis between Phnom Penh and Banlung (Ratanikiri province). Société Concessionnaire de l'Aéroport (SCA), which manages Phnom Penh International Airport (PPIA) and Siem Reap International Airport (SRIA), is to re-open Sihanoukville airport in early 2007. The Asian Development Bank (ADB) -supported Mekong Tourism Development Project (MTDP) 2003 – 2007 plans airport extension and rehabilitation for Stung Treng and Banlung airports in the Northeast. It was also

[1] See Appendix 1 for more details on Cambodia's tourism assets.
[2] There have been numerous failed attempts to launch a national airline – Royal Air Cambodge, Mekong Airways, First Cambodia and Royal Phom Penh. Cambodia-based carriers Siem Reap Airways and President Airline operate on limited domestic routes.

reported in 2005 that the Cambodian government signed a contract with Bangkok Airways for the renovation of Koh Kong Airport with a view to the introduction of direct flights to Siem Reap by 2007.[3]

Accommodation providers, travel agents and tour operators

There are probably around 1,000 hotels and guesthouses in Cambodia, and around 400 travel agencies / tour operators.[4] The proposed Hotel Classification system has not yet been applied to any great extent. 'Budget' accommodation (up to $15 a night) accounts for 75% of the Phnom Penh hotels listed by the Ministry of Tourism (MoT) in 2005, 28% of the Siem Reap ones and 60% of the Sihanoukville ones. A total of 26 hotels in the 3 towns are listed as 'Superior' or 'Deluxe'.

## 1.3. Tourism sector – size and impact

Tourism has had a significant impact at the macro economic level, but there appears to be little impact on poverty reduction. The latter is an important consideration because it is one of the key planks of national tourism policy.

Impact on the economy as a whole

According to the 'World Bank 2006 World Development Indicators' report, inbound tourism had a significant economic impact with 2004 'Tourism expenditure in the country' accounting for over 20% of exports. This figure of 20.8% is higher in only 12 of the 151 countries listed in the report. For 'Low Income' countries as a whole, tourism expenditure in the country accounts on average for only 6.3% of exports.

| | | 1995 | 2004 |
|---|---|---|---|
| International tourists (inbound) | | 220,000 | 1,055,000 |
| Tourism expenditure in the country | $ | $71m | $674m[5] |
| | As % of exports | 7.3% | 20.8% |

The World Travel and Tourism Council (WTTC)[6] estimates that foreign visitor spending in the Cambodian economy will generate 22.3% of total exports in 2006, growing to 25.8% in 2016.

The 'Share of GDP' figures in the government's overall comprehensive five-year plan[7] show that 'Hotels and Restaurants' (a rather narrow definition of the tourism sector) currently accounts for just over 5% of GDP, compared to 23.5% for agriculture (crops) and fisheries, and 20.9% for manufacturing (mainly garments). Tourism related revenues in 2010 are expected to reach about US$1,500 million and employment to reach 400,000 people.

The WTTC[8] on the other hand, estimates that the 'Travel and Tourism Industry' will contribute 8.5% to GDP in 2006, rising to 11.3% by 2016. These figures are significantly higher under the broader 'Travel and Tourism Economy' definition:[9]

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3 www.culturalprofiles.net/Cambodia

4 In 2005, the MoT recorded 317 hotels and 684 guesthouses and 237 travel agencies and tour operators; the Cambodia Yellow Pages lists 411 travel agencies and 361 tour operators at October 2006 with obvious duplication between the travel agent / tour operator categories. The difference between the MoT and Yellow Pages data is most likely accounted for by the fact not all the businesses are officially registered or have met the capitalisation requirements.

5 This would suggest average expenditure per tourist of $639

6 World Travel and Tourism Council (2006) 'Cambodia Travel and Tourism, Climbing to new heights, the 2006 Travel and Tourism Economic Research'; the report notes a low level of confidence with data source and related margin of error.

7 RGC (2006) 'The National Strategic Development Plan (NSDP) 2006 – 2010'

8 WTTC (2006)

9 According to WTTC (2006), 'The Travel & Tourism Satellite Account is based on a 'demand-side' concept of economic activity, because the industry does not produce or supply a homogeneous product or service like traditional industries (agriculture, electronics, steel, etc). Instead, Travel & Tourism is an industrial activity defined by the diverse collection of products (durables and non-durables) and services (transportation, accommodation, food and beverage, entertainment, government services, etc) that are delivered to visitors. There are two basic aggregates of demand (Travel & Tourism Consumption and Total Demand) and by employing input/output modelling separately .. to these two aggregates the Satellite Account is able to produce two different and complementary aggregates of Travel & Tourism Supply: the Travel & Tourism Industry and the Travel & Tourism Economy. The first captures the explicitly defined production-side 'industry' contribution (i.e. direct impact only), for comparison with all other industries, while the second captures the broader 'economy-wide' impact, direct and indirect, of Travel & Tourism. More specifically, the 'Travel and Tourism Industry' contribution to GDP and number of jobs generated figures shown in the table are defined as follows: 'Travel and Tourism Industry GDP (Direct): Direct Gross Domestic Product (also know as Value-Added) and Employment associated with Travel & Tourism Consumption. This is the explicitly defined Supply-side industry contribution of

| | Travel and Tourism Industry | | Travel and Tourism Economy | |
|---|---|---|---|---|
| | 2006 (est.) | 2016 (forecast) | 2006 (est.) | 2016 (forecast) |
| Contribution to GDP | 8.5% | 11,3% | 19.6% | 24.5% |
| No. of jobs generated by tourism | 453,000 | 745,000 | 1,072,000 | 1,654,000 |
| % of Total Employment | 6.5% | 8.6% | 15.4% | 19.1% |

Cambodia Travel and Tourism Capital Investment is estimated at 16.2% of total investment in 2006, and forecast to remain steady at 16.3% in 2016.

Tourism and poverty reduction

The achievement of relative political stability in Cambodia in 1998 transformed the socio-economic framework of the country and much has been achieved as a result of this 'peace dividend'. Indeed, according to the World Bank's 'Cambodia Poverty Assessment 2006', the number of Cambodians living below the national poverty line has fallen from an estimated 47% in 1994 to 35% in 2004.

Despite the improvement in the numbers of Cambodians living below the poverty line, the World Bank report also notes that 'the rural population began with the lowest average real consumption in 1993/94 and experienced the least growth in the decade. As a result, the countryside has the lowest levels of per capita consumption and the highest incidence of poverty, and the rural poor account for 91% of the total poor. **The issue of poverty in Cambodia today is thus essentially one of rural livelihoods.**' Corroborating this analysis the ADB Asian Development Outlook 2006 notes that 'existing sources of growth are narrowly based on clothing and tourism … Moreover, both clothing and tourism have an urban focus with limited linkages to the rural economy'.

This lack of impact is most evident in Siem Reap Province – home to the temples of Angkor and significant tourism-related foreign direct investment, but also a province with one of the highest incidences of poverty in Cambodia, as well as one with the deepest poverty.

Leakage

The MoT reports 40% leakage in the tourism sector and expects this to continue to at least 2010. The ADB-funded Greater Mekong Subregion (GMS) Tourism Sector Strategy gives indicative targets of moving economic leakage from 34% in 2004 to 32% in 2010 to 24% in 2015 for GMS countries excluding Thailand. 'Economic leakages refers to the proportion of total output from international tourism (i.e. the value of goods and services consumed by international tourists) that is imported by the GMS countries excluding Thailand'.[10]

## 1.4. International Visitor Arrivals[11]

International Visitor Arrivals (IVAs) 1994 - 2005

Between 1994 and 2005, Cambodia experienced a sevenfold increase in IVAs from 176,617 to 1,421,615 visitors. During 1994 - 2005, the average year-on-year growth rate was 22.5%.[12] The MoT has forecast average year-on-year growth rate of 20% in IVAs for 2006 - 2010, reaching the 3 million IVA milestone at the end of 2009 / start of 2010.

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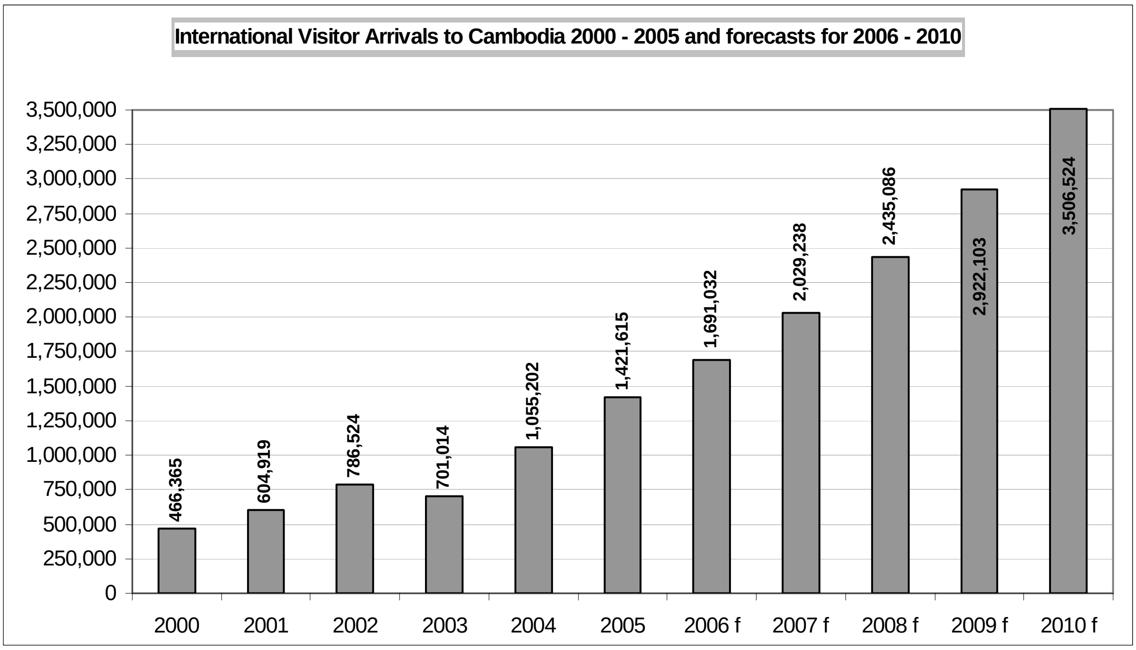
Travel & Tourism that can be compared one-for-one with the GDP and Employment contribution of other industries in the economy. Establishments in this category include traditional Travel & Tourism providers such as airlines, hotels, car rental companies, etc.' The 'Travel and Tourism Economy' contribution to GDP and number of jobs generated figures shown in the table are defined as follows: 'Travel and Tourism Economy GDP (Direct and Indirect): Direct and Indirect Gross Domestic Product (also know as Value-Added) and Employment associated with Travel & Tourism Demand. This is the broadest measure of Travel & Tourism's contribution to the resident economy. Establishments in this category include those described above as well as manufacturing, construction, government, etc that are associated with Capital Investment, Government Services and Non-Visitor Exports.

[10] ADB (2005) 'The Greater Mekong Subregion Tourism Sector Strategy'.

[11] Unless otherwise specified, all IVA data is from 'MoT Annual Report on Tourism Statistics 2005' and www.mot.gov.kh. See Appendix 2 for more detail.

[12] In 2003, tourism arrivals dropped as a result of external and regionwide factors like the war in Iraq and the SARS outbreak, as well as the anti-Thai riots within Cambodia.

However, Cambodia represents only a small share of the regional tourism market. According to World Tourism Organisation (WTO)[13] data, Cambodia's 2004 arrivals of 1,055,202 accounted for 2.2% of all arrivals into Southeast Asia[14] and 0.7% of arrivals to Asia-Pacific. At the same time Cambodia is part of the WTO's 'World's Top Emerging Tourism Destinations in the period 1995 – 2002',[15] a list of destinations growing at a rate double the world average (3.2% in this period) and an increase of at least 100,000 arrivals.




*Source: MOT Annual Report on Statistics 2005*

Seasonality

There is a seasonal trend in IVAs – from a high of 11% of all visitors in a calendar year arriving in December to a low of 6% in June (based on monthly averages 1994 – 2005). This mainly reflects climatic conditions as the weather in Cambodia is at its best from November – February. Additionally, for markets such as Europe and North America, this also reflects a tendency to take southern hemisphere holidays during the northern winter.

Source Markets / Nationality of Arrivals

Almost all source markets have shown positive year-on-year growth during 2003 – 2005 but the growth in IVAs from South Korea is significant - from 9% of all arrivals in 2003 to 16% in 2005. South Korea is now the number one source market for Cambodia. The top 2 markets of Japan and South Korea account for nearly 27% of all arrivals (2005). During 2003 – 2005, the Top Ten[16] markets accounted for an average of 68% of all arrivals.

Purpose of Visit

Given that SRIA is the gateway to the temples of Angkor, an overwhelming majority of arrivals at SRIA are leisure tourists. Nearly a quarter of arrivals at PPIA are Business or Official visitors.

| 2002 – 2005 average | Tourist | Business | Official |
|---|---|---|---|
| **PPIA** | 74% | 18% | 8% |
| **SRIA** | 96% | 1% | 3% |

Destinations visited within Cambodia and Average length of stay

There is some confusion for both these indicators.

13 WTO 'Tourism Market Trends, 2005 Edition, Annex'
14 Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam
15 http://www.world-tourism.org/facts/eng/pdf/indicators/WorldTopEmergingDestination.pdf
16 Top Ten in order, based on 2005 IVAs: South Korea, Japan, USA, France, UK, Thailand, China (PRC), Taiwan, Viet Nam, Australia.

It is not possible to give an accurate indication of what proportion of Cambodia's 2005 1.4million international arrivals went to Siem Reap / Angkor, or other destinations within Cambodia.[17] In 2005, more than 440,000 passengers landed at SRIA, but it is not clear what proportion of the 416,000+ passengers landing at PPIA or the 565,000+ arriving overland or by boat would also have travelled to Siem Reap / Angkor. The MoT's 'Annual Report on Tourism Statistics 2005' records 676,809 visitors to 'Siem Reap Angkor complex' (48% of 2005 IVAs) [18]but the source for this data is not clear, nor its link to the much-quoted figure of '1 million visitors to the Angkor complex' (does this refer to international or domestic tourists, or both?). New Zealand's International Aid and Development Agency's (NZAID) Cambodia Country Strategy (January 2006) notes 'more than 60% of visitors to Cambodia limit their visit to Siem Reap and the Angkor Heritage Park.'

There are similarly confusing indicators for the average length of stay data. MoT's survey-based[19] data suggests average length of stay of 6.3 days in 2005, the same as 2004 and an increase from the average 5.5 days noted for the period 1999 – 2003. However most interviewees observed that, in their experience, the average length of stay for a tourist in Cambodia is closer to 3 days.

Indeed a 2005 study notes 'While the number of tourists is growing fast, the number of visitors to Phnom Penh is getting lower and the average time spent in Cambodia is getting shorter.'[20] The ADB wrote in 2002 'tourists stay an average of just 5 days in each country.'[21] In June 2005, Dr Trevor Sofield wrote ' … at present the country is a single image destination – Angkor. Once tourists have 'done' Angkor, they leave. The ALOS (average length of stay) is only 4.1 days.'[22] www.culturalprofiles.net/Cambodia quotes (at 30 August 2005) 'Nearly 85 per cent of Cambodia's tourism is currently focused on the town of Siem Reap, the base from which tourists visit the nearby Angkor World Heritage Site. The average time spent visiting the Siem Reap-Angkor region is just over three days and two nights.'

Interviewees point out that average lengths of stay vary by source markets but there is currently no systematic research on tourist profile by nationality. Interviewees also point out that an increasing number of tourists are doing more than the 3-day Siem Reap / Angkor temples stopover package (as an add-on to Thailand or Viet Nam) and that 6-day itineraries taking in Phnom Penh, Siem Reap and Battambang, for example, are becoming more popular. Typically, they cite that 100% of visitors go to Siem Reap of which

- 70% go to Siem Reap only
- 20% combine Siem Reap + Phnom Penh
- 10% combine Siem Reap, Phnom Penh plus one other e.g. Sihanoukville, Ratanikiri or Mondulkiri

'Mode' of Arrival (air, land, boat)[23]

While 60% of IVAs fly to Cambodia, a significant 40% use Land and Boat crossings.

| 2005 | PPIA | SRIA | Land and Boat |
|---|---|---|---|
| Total Arrivals | 416,396 | 440,125 | 565,094 |
| As % of total for 2005 | 29% | 31% | 40%<br>incl. 6% for Prey Vihear |

[17] There is some indication of data collection at the provincial level with the Netherlands Development Organisation (SNV) reporting that the number of international tourists visiting Kratie, the base for visiting the Irrawady dolphins in Cambodia, has increased from 4,200 in 2003 to 7,600 in 2005. SNV (2006) 'Report on the Northeast Cambodia Regional Workshop on Ecotourism Strategy Development, Kratie 12-13.7.2006'

[18] The same document also records 692,000 visitor arrivals to 'Siem Reap province' and 209,524 'Cambodian visitors to Siem Reap province.'

[19] Several aspects of the survey-based data needs further investigation – for example, registering an 8% swing in the Sex of the visitor between 2004 - 2005, and a 'Purpose of Visit profile that is markedly different from Arrivals data.

[20] EPLER WOOD, Megan et al (2005) Corporate Responsibility and the Tourism Sector in Cambodia' January 2005, FIAS (the Foreign Investment Advisory Service, part of The World Bank Group)

[21] ADB (2002) 'Report and Recommendation' document for the GMS Mekong Tourism Development Project

[22] SOFIELD Trevor (2005) 'The Dolphin Discovery Trail – a strategy for adventure tourism to the world of the Mekong River dolphin, Cambodia'

[23] Entry points into Cambodia. Air: PPIA and SRIA; Land: 6 International border checkpoints with Thailand, and 2 with Viet Nam. Boat: 2 From Thailand, 1 from Viet Nam and 1 from Laos PDR.

## 1.5. International and regional positioning

In the absence of relevant data, based on interviews, following is one possible segmentation for current arrivals.

- The largest segment would seem to be those visiting Siem Reap / Angkor as an add-on to a nearby single destination program (most likely Thailand, but also Viet Nam)
- Those visiting Siem Reap / Angkor and possibly Phnom Penh as part of a multi-destination tour program, which normally includes Thailand, Viet Nam and possibly Laos; this segment also includes 'backpackers'
- To a far lesser extent, Cambodia is sold within the ASEAN (Association of Southeast Asian Nations) region as a single, short-haul destination, or as a single, long haul destination to the European / North America / Japanese independent traveler (FIT) market[24]

Destination positioning through marketing communication activity would seem to be ad hoc - the MoT would say this is because of a lack of budget (the marketing budget is estimated at $1m but it was not possible to get the MoT to confirm the budget). Though ad hoc, the positioning is centered on the temples of Angkor and cultural heritage. In 2003, Cambodia was advertised using the strapline 'A World of Treasures' (for the ' Visit Cambodia Year 2003' campaign). During 2006, in-flight magazines have carried advertisements for 'Kingdom of Cambodia - The Newest Destination in Asia' while the MoT website currently carries the strapline 'Cambodia - Home of World Heritage'.

At present, it would seem there is no integrated brand campaign for Cambodia, no positioning statement and no prioritized target market strategy. At the same time, *'it's important to remember that tourism really started in 1998 when the war stopped completely. In that sense, all the developments here are less than ten years and Cambodia is still in the early stages of tourism development and still learning. Within this short time, it's a great success to have nearly two million tourists. But we recognize that in the first stage we didn't need to do much marketing. However, in the second stage, we need to do more marketing so we need a Board, more funds and more marketing research.'* (interview, a senior official from MoT).

[24] Major travel trade operators in Europe like Kuoni tend to group Viet Nam, Cambodia and Laos as their 'Indochina' product; Cambodia has 25% of the destination-specific content in Kuoni's region-specific 'Indochina 2006/07' brochure. However, in the more popular Kuoni Worldwide brochure, Cambodia features only as part of a multi-centre tour (with Thailand).

# 2. Background – tourism sector & use of internet

## 2.1. What is the global tourism / ICT opportunity?

The European Travel Commission,[25] quoting a number of respected online sources that provide research and analysis of online activity, draws the following conclusions:

- Online activity is significant in the US, European and Asia Pacific markets[26]
- Travel planning and booking are among the most popular online activities[27]
- Online travel sales are booming[28]
- Direct suppliers are slowly gaining online booking share from travel intermediaries.

## 2.2. Cambodian e-tourism

On the face of it, Cambodian tourism seems to have a healthy internet presence:

- The MoT has a destinational website.
- In April 2006, the Ministry of Foreign Affairs and International Cooperation launched e-Visa which enables visitors to apply for a Cambodia travel visa online – a first in the region.
- Almost all 119 members of the Cambodian Hotel Association (CHA) are listed on the worlhotel-link.com website (WHL)[29] and 63% of the CHA-member hotels in Phnom Penh and Siem Reap also have their own websites.[30] Some of these (mainly those that are part of a regional or international chain or network) allow real-time online booking and payment while the majority have a 2 or 3 step booking and payment process combining online and offline elements which is not real-time. 123 hotels and guesthouses are represented on WHL which facilitates online booking and payment via a 4-step booking process which is not real-time.
- Many of the registered tour operators / travel agencies are inbound handlers for overseas tour operators. So, in that sense, they may have made a decision that a consumer-oriented web presence is not a business necessity though e-mail communication with their overseas trade

[25] http://www.etcnewmedia.com/review/default.asp?SectionID=10&OverviewID=4

[26] 'Travel planning and booking are among the most popular online activities and online travel sales are booming… The World Travel & Tourism Council (WTTC) estimates that worldwide spending for personal travel will reach $2.8 trillion in 2005. The online portion of those sales is growing at an explosive rate in the US, Europe and the Asia-Pacific region. According to PhoCusWright, combined online travel sales in the three regions will be over $115 billion this year…. [and] direct suppliers increased their market share from 46% in 2002 to 48% by 2004. (eMarketer, Nov 2005)'

[27] 'According to GMI, consumers all around the world are turning to the Internet first for travel information. In Australia, Canada, China, Denmark, France, Germany, Italy, Japan, South Korea, the Netherlands, Poland, Spain, the UK and US, more people did Web searches than sought personal recommendations from friends and acquaintances.' (eMarketer, July 2005). These results are echoed in the PATA / VISA 'Asia Travel intentions Survey 2006' which shows that information about holiday destinations comes from a wide variety of sources – across all markets surveyed, an average of 4.6 sources will be consulted per country. However, four out of every five respondents (82%) will use an internet search to obtain information about a potential destination and 46% will refer to the opinions of friends and family. 89% of respondents would also pay online for Airfares/transport, 84% for accommodation and 56% for tours and activities. This was an online survey so there would be inherent bias towards internet use. However, demographic profiles of internet users in the target markets surveyed also suggest that those who are not part of the online population are also unlikely to be potential travellers to (long haul) destinations

[28] The European Travel Commission also reports that direct suppliers are slowly gaining online booking share from travel intermediaries: 'TripAdvisor has become the third most visited travel site in the world, according to worldwide January 2006 data released by comScore Media Metrix with nearly 19 million people visiting TripAdvisor.com in January 2006…Hitwise found that while visits to online travel agents remained stable in 2005, visits to hotels' and airlines' own sites grew by nearly 20%. Hitwise believes there is an increasing trend of travellers first doing "research on agency websites, then booking directly with suppliers".'

[29] CHA has 119 members – this represents about 12% of the 1,000 hotels and guesthouses recorded by the MoT in 2005. However, given the very rudimentary nature of many of the guesthouses, it would be fairer to represent CHA's membership as around 38% of the 317 hotels recorded by the MoT in 2005. Worldhotel-link.com is a website providing details of accommodation providers in a range of worldwide destinations, including Cambodia. This website is of particular relevance to Cambodia as it started life in Cambodia and it is one of the few (perhaps only) online distribution channels available to the many small, local guesthouses offering rooms for $5 a night. The website is featured in greater detail in the Best Practice section.

[30] 'have their own website' based on Google search for their name + Phnom Penh / Siem Reap + Cambodia, Top Ten Results (in October 2006), excluding listing on WHL or other intermediaries like tripadvisor.com, Cambodia-hotels.com, travel-cambodia.com, passionasia.com. Most are listed on one of these intermediaries so not having their own website could be a calculated decision on distribution and whether they want to service direct bookings from individual clients

clients clearly is. At the same time, operators such as Exotissimo and Asian Trails have also developed password-protected sites (extranets) for their overseas trade clients.

- Bangkok Airlines, the dominant carrier in and out of Cambodia, provides online booking for flights to and from Cambodia, as do other carriers like Air Asia.

- Numerous sites provide tourism information about Cambodia in addition to the MoT website – international commercial sites, local commercial sites, local information sites etc. Some of these are critiqued in Section 3.4.

## 2.3. A healthy online presence?

However, we also need to consider the following issues which are further discussed in the sections that follow:

- Cambodian tourism owns few of the top level .com domain names[31] and it would seem that Cambodia has not yet begun registration for the new top level .travel domain

- The UNCTAD e-tourism initiative is premised on the opportunity that developing countries' tourism providers have to access international tourism markets directly and on an equal footing. However Google searches show that only between 10% - 20% of sites listed in the Top Ten Results for various searches are tourism providers based in Cambodia, except for search for 'visit Cambodia' which registered 6 Cambodia-based sites in the Top Ten Results.[32]

- The high level of online presence amongst Siem Reap guesthouses (on the WHL website) is because of a deliberate and determined effort by the Mekong Private Sector Development Facility (MPDF) dating back to 2002.

- The quality of the websites (and this includes the issue of language) is also an issue in an internationally competitive market

Search engine ranking

'Keyword' search through a search engine like Google shows the following results for 3 likely search words. Only 10% - 20% of sites listed in the Top Ten Results for various searches are tourism providers based in Cambodia, except for 'visit Cambodia' which registered 6 Cambodia-based sites in the Top Ten Results.

| | **Top Ten rankings on Google for the following search words /phrases, at 9th September 2006** | | |
|---|---|---|---|
| | **visit Cambodia** | **visit Angkor** | **Cambodia Hotel** |
| 1 | visit-mekong.com | affordabletours.com | cambodia-travel.com |
| 2 | visitcambodiamagazine.com | discoveryindochina. com | angkorhotels.org |
| 3 | 43things.com | 43things.com | asiahotels.com |
| 4 | eurasietravel.com | 43things.com | pmgeiser.ch |
| 5 | cambodia-cooking-class.com | adventuretravel.about.com | cambodia-hotels.com |
| 6 | cambodiawildlifesanctuary.com | vlktravel.com | cambodiahotels.net |
| 7 | bayonpearnik.com | passionasia.com | hoteltravel.com |
| 8 | english.people.com | beta.crisscross.com | cafecaliforniaphnompenh.com |
| 9 | embassyofcambodia.org.nz | circleofasia.com | tripadvisor.com |
| 10 | nationmultimedia.com | pictopia.com | travel.yahoo.com |

Accommodation websites

The following table shows, in very generalized terms, the likelihood of an accommodation provider in Cambodia having a website or internet presence:

[31] www.cambodia.com, www.cambodiatourism.com and www.travelcambodia.com are all advertising site with sponsored links, with no real links to Cambodian tourism at all. However www.cambodia.org and www.angkor.com are Cambodian-based directory services and the latter, in particular, provides Cambodian travel content. www.travelcambodia.org would seem not to be registered.

[32] 'Based in Cambodia' does not mean it is 100% Cambodian owned.

| | 'Budget' hotel / guesthouse | Mid-range hotel | Top-end hotel |
|---|---|---|---|
| 'Foreign' owned | High probability | Almost always | Almost always |
| Locally owned | No, unless through intermediary like WHL e.g. Bou Savy Guesthouse | Unlikely, though increasing both through intermediary like WHL and directly (e.g. Bopha Angkor Hotel) | Probably both through intermediary and directly e.g. Sokha Hotel group |

## 2.4. Quality of online presence – a review of selected websites

Whilst it would be possible to provide a technical critique of the MoT and other tourism-related websites based on Nielsen's principles for good website design,[33] given the MoT website is at 'brochureware' stage[34] this would be a heavy-handed approach.

Instead, this section provides a review of a few websites providing content on tourism in Cambodia – all sites reviewed on 14th October 2006. The quality of websites matters greatly as they must compete in an international marketplace.

MoT website – www.mot.gov.kh
Interviews with MoT staff indicate the website launched in 2001, is produced with minimal resources and because of the efforts of Mr Kong Sopheareak, Acting Director, Statistics & Tourism Information Department, MoT who would seem to have the most technical competence in the MoT for this work. Currently, he spends about 60% of his MoT time on the website, and the other 40% on tourism statistics. To this extent, it is remarkable that the site exists at all and that is has a good breadth of content and is well written and easy to read.[35]

Given the lack of resources, it is not surprising that some of the deeper content (such as information on specific Events and Festivals) needs better focus and copywriting and 'critical content' such as Hotel listings is too basic (most of the hotels listed have no contact details so tourists can't contact them). The site is infrequently updated (the lead story on the front page dates to September 2005). The potential of the front page, arguably the most important page on the website, is not maximised at all. For a tourism site, there is a paucity of good quality destination images. The lack of a memorable URL (mot.gov.kh) is a drawback in advertising designed to drive tourists to the site.

The site also suffers from trying to address two to three different audiences: the tourist, the travel trade and a third group of donors / those interested in government-related aspects. Given limited

[33] NIELSEN, Jakob (2000) 'Designing Web usability' The main characteristics of a good B2C website relate to content and usability. A site that is easy to use will be the result of good planning, focused on end users. It depends on site information architecture, site usability and navigation. Information architecture concerns organising information in a way that ensures users can find what they are looking for easily and incorporates organisation, navigation, labelling and searching systems. Usability is an engineering approach to website design to ensure the user interface of the site is learnable, memorable, error free, efficient and gives user satisfaction. It incorporates testing and evaluation to ensure the best use of navigation and links to access information in the shortest possible time. It is a companion process to information architecture. The flow of website content is a critical factor in good website design because it enables users to find the information they need. This flow is dependant on the site's navigation facilities. 3 things make a site easy to navigate: consistency, simplicity and context. The user should have a consistent user interface throughout the site. Sites are easier to navigate if there are a limited number of options - generally 2, or possibly 3, levels of menu are the most that is desirable. Context reassures users they aren't lost and facilitates movement around the site. All these factors relate to usability. The second core factor is content. This should be relevant, detailed, clear, accurate, up to date, timely, easy to find and personalised. More important than all this is an early determination of the 'customer' – who is the site for and what do you know about them?

[34] In the general evolution of websites, the first stage is usually 'brochureware' where a company or organisation essentially posts its printed literature on-line. The organisation achieves basic information delivery, but the site is not interactive or dynamic or transactional. Brochureware sites usually progress to being database driven with a content management system. From here, depending on resources and the organisations' goals, sites progress towards simple and then more complex commerce sites (such as amazon.com) which are not only fully transactional but also build in complex personalisation. This progression is also referred to as Informational – Interactive – Transactive.

[35] Technical review for MoT site: the site is optimised for MS Explorer 6.0 and Netscape 5.0 with MS Windows as the OS. The site uses both Plug-ins and Flash and features animated GIFs. Java Script is used for sub-menu and animations. ASP, HTML and MS Access are used for database and next year they plan to change to PHP (Personal Home Page) and My SQL.

resources, the focus needs to be on the first group (the tourist). To this extent, content on tourism statistics, the running of the MoT and lists of other ministries are superfluous.

The valuable right-hand side advertising property is taken up with logos/links to the ADB MTDP, ACD-TBF, ASEAN, WTO, PATA etc.– these links are of limited interest for the tourist. Given its lack of resources, the MoT website should be making far greater use of relevant links to extend its own content offering. The most obvious example is to link to WHL given the weakness of its own Hotel listing page. There is one advertising link to Phnom Penh Tours, but this raises the question of why the site has a link to one tour operator and not others.

The MoT website is currently only available in English. By way of comparison, vietnamtourism.com is available in Vietnamese, English, French, Chinese and Japanese.

Other government websites (with tourism content) seem better resourced. The Cambodia eVISA website (http://evisa.mfaic.gov.kh) has a 'Sponsored Link' advertisement on Google.com and is much more up to date than the MoT site. It even carries a box inviting travel agents to advertise on the site. The 'About Cambodia' section on this site gives brief historical background and then directs you to www.cambodia.gov.kh (not to the MoT website). This second site is also more up to date and 'interactive', featuring a (basic) online survey. It has a section called 'Country' with content on History, Arts etc. as well as 'Sightseeing' although this content was last updated around Feb 2004 or earlier. Neither of these websites registers on relevant Google searches.

Tourismcambodia.com

This calls itself ' The Official Site for Tourism of Cambodia' and the 'About Us' pages notes 'The Tourism of Cambodia (Tourismcambodia.com) was established under the promulgation of the Ministry of Tourism of Cambodia's Law [sic]'.

The MoT states that neither of these facts is true. This site is in fact operated by Mittapheap Travel and Tours which is the sole provider of the bookable product featured on this website. While their tour product may be very good and their hotel contract rates competitive, this does not mitigate the fact that this site would appear to deceive the tourist in order to secure bookings. That said, when you click to view the Tour product, the site heading changes to 'The Official site of Mittapheap Tours'.

At the same time, there is a breadth and depth of relevant tourism content on the site. It features a range of good quality images and its front page makes clear, at a glance, that Cambodia is more than just Angkor (it also features Ratanikiri, Preah Vihear, Sihanoukville, Angkor Wat and Phnom Penh). The site has a consistent structure and content is frequently updated.

The tone of the copy varies significantly throughout the site – from poorly translated English to savvy, streetwise English – suggesting either that a diverse range of copywriters are working on the site or that content is simply being copied and pasted from other sites.

There is a 4-step booking process which employs online elements:

- Submit the online booking form (you have to submit separate forms for different hotels)
- Receive a confirmation within 24 hours
- Make payment – by completing and faxing a Credit Card Payment form that can be downloaded from the website or payment by Telegraphic Transfer
- Receive an e-mail hotel voucher and confirmation

www.visit-mekong.com

According to the website, 'This is the Official Website for travel in the Greater Mekong Subregion, produced by ETC Asia on behalf of the Tourism Working Group of the Greater Mekong Subregion Economic Cooperation Programme.'

In interviews, MoT officials said they were aware of the site but no longer supplied it with content.

There is limited Cambodia destination content on www.visit-mekong.com/cambodia: the emphasis is on selling Hotels and Tours, though the tour product is extensive, covering different lengths of stay and a range of destinations within Cambodia (e.g. the 8-day Ratanikiri Tour). Site content did not change from 10th September 2006 – 14th October 2006.

Hotel Bookings, though undertaken within a website that has the same visual layout as the visit-mekong site is directed to www.awd.as and the Terms and Conditions of Booking advise 'visit-mekong.com is operated by the Internet travel specialist Asia Web Direct Co., Ltd., hereinafter called AWD. We are a bonded travel agent listed by the Tourism Authority of Thailand (License number 31/0163).' Hotel Bookings are done online within a secure site, with mandatory online submission of credit card details at time of enquiry.

From its introduction ('This is the Official Website for travel in the Greater Mekong Subregion, produced by ETC Asia on behalf of the Tourism Working Group of the Greater Mekong Subregion Economic Cooperation Programme.'), the expectation is that this would be some sort of GMS – NTO website, offering the sort of content and destination information typically supplied by an NTO website. However, it would seem primarily to be a commercial site, selling hotel and tour product for the Thai-based travel agent 'Asia Web Direct Co., Ltd'.

## 2.5. Key ICT Indicators

| **ICT sector performance**[36] | Cambodia 2004 | Comparison with other low-income countries 2004 | Comparison with East Asia and Pacific region 2004 |
|---|---|---|---|
| Telephone main lines per 1,000 people | 3 | 33 | 194 |
| Mobile subscribers per 1,000 people | 63 | 48 | 248 |
| Internet users per 1,000 people | *3* | 20 | 75 |
| Price basket for fixed line (US$ per month, residential) | *9.3* | *6.6* | *5.5* |
| Price basket for mobile (US$ per month) | 4.0 | 11.6 | 5.1 |
| Price basket for internet (US$ per month) | *49.7* | *45.5* | 19.9 |

*Figures in italics for years other than those specified.*

| **Indicator**[37] | | **Year** | **Source** |
|---|---|---|---|
| Fixed-line subscribers | 36,400 | 2004 | ITU[38] |
| Mobile Phone subscribers | 1,000,000 | End 2005 | budde.com[39] |
| Number of Internet Users | 41,000 | 2004 | ITU |

Cambodia is the first country in the world where mobile phone subscribers surpass fixed line ones; the fixed telephone network infrastructure is undeveloped and Cambodians have much higher-than-average fixed line costs compared to both other Asia-Pacific countries and other low-income countries. Conversely, mobile phone charges are below average for both these groups.

Internet use in Cambodia is very low – significantly below average for the two groups noted. The cost of internet is significantly higher than the Asia-Pacific average and higher than the low-income countries' average.

## 2.6. Service providers and users

[36] Data in the following table is taken from World Bank (2006) 'Information and Communications for Development 2006: Global Trends and Policies', 'ICT at a Glance Country Table'.
[37] Many of the key indicators data shown here are also shown in an UNDP Cambodia publication 'Situational Analysis of ICTD in Cambodia' April 2006, Mayumi Miyata. The data shown in this report has been retraced to the original data source and, in some cases, has been updated since the UNDP report
[38] International Telecommunication Union (ITU) website www.itu.int; most recent data for Cambodia is 2004
[39] www.budde.com.au, '2006 Telecoms, Mobile and Broadband in Asia report Cambodia, Laos, Myanmar, Thailand, Viet Nam'

At April 2006, Cambodia had 7 telecommunication service providers (3 fixed line and 4 mobile operators). Each operator has a different prefix number and users experience difficulties in connecting from one network to another. This has a direct impact on the cost of doing business – the Sales Manager for one travel-sector company carries mobile phones for three different networks to overcome this difficulty.

At April 2006, there were 11 ISPS offering a range of products: pre-paid dial-up, DSL, Wi-Max, leased line internet access etc.

ITU's 2004 data suggests there are 41,000 Internet users in Cambodia. Interviews suggest there are currently (2006) about 9,000 subscribers, split more or less equally between broadband and dial-up subscribers. However, they also estimate about 100,000 users access the internet via the 800+ internet cafes in Cambodia.

A World Bank study reported that just under 19% of workers (in 500 enterprises reviewed) use a computer in their job; the travel sector is one of the top 3 users. [40]

| Sector | % of workers who use computers in their jobs (based on total sample of 500 enterprises) |
|---|---|
| IT / electronics | 69% |
| Transportation, Shipping and Trade | 27% |
| Restaurants, hotels and tourism | 24% |
| Garments | 19% |

## 2.7. Challenges for the ICT sector in Cambodia

The main infrastructure challenges facing the ICT sector in Cambodia can be summarised as follows:[41]

- The fixed telephone network infrastructure is undeveloped, expensive and has limited capacity.
- The current backbone infrastructure is limited and inadequate for the latest business activities that require heavy data transfer over the Internet.
- Cambodia lacks a submarine cable and the bandwidth connecting Cambodia to the outside world is limited to 160Mbps both up and down links. This is not sufficient to meet growing demand but cannot easily be upgraded due to its high cost. Expensive international gateways result in high access cost and narrow bandwidth, leading to problems with connectivity and slow connections.
- In addition to the above, the relatively high 'fixed' costs facing ISPs (royalty paid to MPTC per customer 'plugged in' for monthly-payment plan customers and to TC as DSL royalty) lead to a high 'base' price for internet subscribers.

All these factors mean internet prices in Cambodia are amongst the highest in the world and the most expensive in Southeast Asia. In addition, Cambodia does not have nationwide electrical grid coverage[42] and the cost of electricity is significantly higher than in neighbouring countries

[40] World Bank (August 2004) Report No. 27925-KH 'Cambodia, Seizing the Global Opportunity: Investment Climate Assessment and Reform Strategy for Cambodia'

[41] Two recent publications, one from the UNDP-Cambodia and the other from ADB as well as interviews conducted for this study highlight the following challenges for the ICT sector in Cambodia

[42] The ADB Asian Development Outlook 2006 notes only about 17% of the total population are served by the power grid

# 3. Sub-regional linkages

## 3.1. Introduction

Cambodia has followed a policy of integration into key regional tourism networks. However Noakes notes that 'the resources and capacity to optimise the benefits back to Cambodia from a consistent, professional presence and representation in these networks has been limited.'[43] A common refrain from interviewees was that is was difficult to pursue significant gains from *'so many groupings that overlap so much.'*

Very few of the activities and projects at a sub regional level have a focus or sub-focus on e-tourism. However, this might change with the ADB-sponsored GMS Tourism Sector Strategy 2006 – 2010 – see section below.

Amongst others, Cambodia is involved in the following regional networks or projects at a sub regional level and these are detailed below.

- ACD-TBF
- ACMECS
- ASEAN Tourism Forum (ATF) and Tourism Working Group
- ADB-supported GMS Mekong Tourism Development Project
- ADB-supported GMS Tourism Sector Strategy
- PATA

## 3.2. ACD – TBF[44]

The 3rd Meeting of the Asia Cooperation Dialogue Tourism Business Forum (ACD – TBF) was held in Siem Reap in April 2006. The current status would seem to be discussion of a Roadmap of ACD Cooperation towards the year 2015, and that this Roadmap would indicate areas of priority to be further developed at the 4th ACD-TBF to be hosted in India 2007. At present, there would seem to be no specific tourism or tourism-ICT activities envisioned in this forum.

## 3.3. ACMECS

The Ayeyarwady – Chao Phraya – Mekong Economic Cooperation Strategy (ACMECS) co-operates in tourism in the 5 countries e.g. the WTO-supported 'Sustainable Tourism Development and Promotion of the Heritage Necklace Circuit in the Mekong Area'.

There is also a Single (GMS) Visa Working Group which is looking first at a Cambodia – Thailand joint visa. According to the 'GMS Economic Cooperation Program Status Report on the Plan of Action of the 13th GMS Ministerial Conference' (as of August 2006), a Memorandum of Understanding (MoU) on ACMECS Single Visa was signed between Cambodia and Thailand in November 2005. At present Cambodia and Thailand are working out the practical details for pilot-testing the single visa scheme. Arrangements are in place to introduce the concept in August 2006, subject to working out some of the outstanding issues related to the sharing of visa fees.

## 3.4. ASEAN

The ASEAN NTOs meet two to three times a year. The ASEAN Tourism Working Group has 6 areas of interests: marketing (to promote ASEAN as a single destination – 'Asia's Perfect 10 Paradise'), manpower, communications, standards, cruise and investment. Regional grouping ASEAN promotes 'Asia's Perfect 10 Paradise'

<u>ASEAN Ministerial Meeting</u>

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[43] NOAKES, Steve et al (2005)

[44] this comprises 21 member countries Brunei Darussalam, Bangladesh, Cambodia, India, Indonesia, Iran, Japan, Lao PDR, Malaysia, Myanmar, Pakistan, China PRC, Philippines, Qatar, South Korea, Russia, Singapore, Sri Lanka, Viet Nam, Thailand and UAE

The Ministerial Meeting on ‘Cultural Heritage Tourism Cooperation: Trail of Civilization among Cambodia, Indonesia, Lao PDR, Myanmar, Thailand and Viet Nam’ held in Borobodur, Indonesia in August 2006 was aimed at strengthening cooperation and partnerships in cultural tourism as well as capitalizing on the high value of the six countries’ cultural heritage. These six ASEAN member countries signed the Borobodur Declaration on tourism co-operation and at a ministerial meeting in Jogjakarta, Indonesia, in September 2006, the first five-year Borobudur Plan of Action was drawn up. This includes agreements on cultural co-operation, cultural tourism product development, marketing and promotion, human resources development co-operation and private sector co-operation. It was reported in ‘TTG Asia’ that a task force will soon be formed to work on the above. The role of the internet an any future marketing strategy is obvious but the travel trade were very cautious about a ‘Trail of Civilisation Cultural Heritage’ product and the current ASEAN tourism website is very limited indeed.[45]

The ASEAN Tourism Forum (ATF)

ATF is a cooperative regional effort to promote the Association of Southeast Asian Nations (ASEAN) region as one tourist destination and provides a platform for the selling and buying of regional and individual tourism products of ASEAN member countries.

ASEANTA

ASEANTA is the association of all travel agents, hotels, airlines and government NTO’s of Brunei, Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam.

According to reports cited in the European Travel Commission website the .travel Top Level Domain was officially launched in January 2006. ‘In order to own a .travel Internet domain name, applicants must be “authenticated” to verify that they are legitimate travel companies and legally entitled to use the domain names. This authentication process is intended to eliminate the common practice of cyber squatting that has made searching the .com space so frustrating for consumers seeking accurate information and legitimate suppliers.’

Quoting Travelwirenews (August 2006), ETC reports that ASEANTA ‘is leading the way with www.aseanta.travel. At their 2007 Congress, they will utilize all .travel addresses for online communications and promote the domain to all attendees.’[46] Singapore and Malaysia are already using their .travel addresses for their nation’s portals.

## 3.5. PATA

Cambodia has less than 10 members in PATA but several operators (especially those Cambodian operators that are part of larger regional outfits) and the MoT participate at PATA travel mart annually.

The Mekong Tourism Forum (MTF) was a PATA initiative to provide a platform for discussing the development and promotion of travel and tourism to and within the GMS. This is discussed further in the next section.

## 3.6. ADB-supported GMS[47] tourism activity

GMS sub-regional tourism co-operation: AMTA, MTF, MTO

Since 1993, GMS co-operation in tourism has been coordinated by the Tourism Working Group (TWG) formed by representatives of the NTOs with the Agency for Coordinating Mekong Tourism Activities (AMTA) as its secretariat. However, whilst ‘[c]onsiderable progress has been made by the TWG in developing its subregional tourism agenda … the initiatives have been undertaken without an overall strategic framework and related set of priorities, and without senior-level NTO attendance at TWG meetings. Thus, the overall GMS approach has been ad hoc and the effect

[45] Indeed the ASEAN tourism website directs those interested in tourism in Cambodia to www.tourismcambodia.com which, as discussed in section 3.4 belongs to a private sector tour operator and not to the MoT.

[46] www.visitsingapore.travel and www.malaysia.travel

[47] The GMS consists of 6 countries: Cambodia, China PRC (specifically, Guangxi Zhuang Autonomous Region and Yunnan Province), Lao PDR, Myanmar, Thailand and Viet Nam.

has been limited to individual countries with limited sub regional impact'.[48] This report also notes that AMTA's work in promoting the sub region as a single destination and monitoring developments in cross-border facilitation has been hampered by insufficient financial and human resources, limited private sector participation, and over reliance on the Tourism Authority of Thailand.

The Mekong Tourism Forum (MTF) was held annually from 1996 - 2005 with the support of PATA, ADB and UNESCAP and provided a venue to engage the private sector in the development of subregional tourism and promote dialogue between the private and public sectors. As noted in the section above, it is now defunct – the last MTF held in Siem Reap in March 2005. This was temporarily replaced by the Mekong Tourism Investment Summit 2006 and the plan is for the newly formed Mekong Tourism Coordinating Office (MTCO) to decide on future direction for this forum, if any.

In early 2006, the MTCO was set up with seed funding from the GMS Tourism Working Group. It has two functions: development (to co-ordinate sustainable pro-poor tourism development projects in the Mekong in line with the UN's MDGs) and marketing (to promote the Mekong region as a single travel and tourism destination under the brand 'Mekong Tourism'). In February it announced it was putting together a private-sector task force to review MTCO development and marketing plans for the next two years.

<u>The ADB-supported Mekong Tourism Development Project (MTDP) 2002 - 2007</u>[49]

The Project aims to reduce poverty, contribute to economic growth, increase employment, and promote the conservation of the natural and cultural heritage in Cambodia, Laos and Viet Nam. It comprises four parts: tourism-related infrastructure improvements; pro-poor, community-based tourism development; sub-regional cooperation for sustainable tourism; implementation assistance and institutional strengthening.

In Cambodia, infrastructure improvements relate to Siem Reap wastewater management, access road improvement to the Cheong Ek Genocide memorial just outside Phnom Penh and airport improvements at Ratanikiri and Stung Treng airports. Pro-poor CBT development is focused on the northeastern provinces of Stung Treng and Ratanikiri. Subregional cooperation for sustainable tourism refers to a range of activities including: improving tourism related facilities at border posts, establishing a GMS network of tourism marketing and promotion boards, standardising a GMS hotel classification system and improving and harmonising GMS tourism statistics.

The project does not make any specific mention of the role of ICT, but its role is obvious in (Part B) Pro-poor, Community-based Tourism Development and in (Part C) Sub-regional Cooperation for Sustainable Tourism. According to the 'GMS Economic Cooperation Program Status Report on the Plan of Action of the 13$^{th}$ GMS Ministerial Conference' (as of August 2006) 'websites have been put up in Lao PDR and Cambodia on the community-based products.'

<u>The ADB's Greater Mekong Subregion Tourism Sector Strategy (2006 – 2010)</u>[50]

The tourism sector is included as one of the 11 flagship programs in the ten-year strategic framework of the GMS Economic Co-operation Program. The objective for the tourism sector is
'To develop and promote the Mekong as a single destination, offering a diversity of good quality and high-yielding sub regional products that help to distribute the benefits of tourism more widely; add to the tourism development efforts of each GMS country; and contribute to poverty reduction, gender equality and empowerment of women, and sustainable development, while minimising any adverse impacts.'

The strategy set out to address 'a series of equity, capacity and policy-based structural problems'

- 'highly inequitable distribution of tourism benefits between the GMS countries and within the borders of each country, and between urban and rural areas, with minimal impact on the poor and socially disadvantaged groups

[48] ADB (2005) 'The Greater Mekong Subregion Tourism Sector Strategy'
[49] ADB (2002) 'Report and recommendation' document for the MTDP
[50] ADB (2005) 'The Greater Mekong Subregion Tourism Sector Strategy'

- an inability to develop sub regional tourism products and to sustain, at a high level, the marketing of the sub region as a single destination[51]
- weak cultural and natural heritage conservation management capacities
- lack of a spatial framework for structuring and focusing the development of tourism related infrastructure
- inadequate recognition of the potentially adverse social impacts of tourism
- inadequate participation by the private sector
- continuing barriers to the movement of tourists to and within the sub region including single GMS-VISA
- weak organisational and human resources capacities
- weak sub regional cooperation mechanisms in the tourism sector'

Addressing these structural problems is the primary focus of this strategy and this will be done via seven core strategic programs:
- Marketing and Product Development
- Human Resource Development
- Heritage Conservation and Social Impact Management
- Pro-poor tourism development
- Private sector participation
- Programme to facilitate the movement of tourists
- Tourism-related infrastructure development in priority tourism zones

These seven core strategic programs will be implemented via 16 projects dealing with specific GMS-wide interventions and 13 spatial projects (the priority tourism zones). Implementing the recommended strategy is estimated to cost $440.8m over the 5 years, of which 85% is planned for tourism-related infrastructure.

**The role of ICT is made explicit in at least 5 of the 16 projects** listed in The ADB's Greater Mekong Subregion Tourism Sector Strategy. These are clustered mainly in 2 core strategic programmes – Marketing and Product Development and HRD – described below:

Marketing and Product Development

The GMS will be marketed as a single destination based on culture, nature and adventure products by
- Positioning the sub region as a culture, nature and adventure destination around a 'Mekong' brand, supported by trade, media and consumer promotions in its primary source markets, **including a strong internet presence[52]**
- Encouraging development of cross-border tour programs in 13 priority tourism destination zones
- Creating Mekong Tourism Co-ordinating Office to manage the marketing activity and build partnership with private sector[53]

HRD

The HRD program is implemented in four parts:
- preparing an implementing national tourism HRD plans
- capacity building of middle-level public officials
- training of trainers in hospitality skills in vocational institutions
- upgrading the management and teaching capacities of academic institutions with tourist programs

[51] it has not been possible within the time constraints of this project to source any existing analysis as to whether the inability to sustain the marketing of the sub region as a single destination is because of issues to do with funding, organisation etc., or whether it is simply because the 'market' (especially the travel trade) are not responsive to this initiative and have not incorporated it into their sales activity, or because of both these aspects and the balance between these aspects. Additionally, communication publications titled ' GMS for Special Interests' or 'Cruising in the GMS' are unlikely to capture the imagination of either the global travel trade or travel consumers

[52] With regards to the strong internet presence, the project should learn lessons from the current low-level involvement of countries like Cambodia in the current GMS promotion website, www.visit-mekong.com (reviewed in section 3.4).

[53] 'Ultimately, the MTCO would be transformed into a subregional tourism marketing and promotion board, based on a strong private-public sector partnership at the subregional level. … establishment of the Mekong Tourism Marketing and Promotion Board in 2010.'

The role of ICT in the last three aspects is explicit with commitment to digitising the training materials and making them available through CD-ROM and ‘an internet-based knowledge centre.’

# 4. Opportunities in ICT applied to tourism

## 4.1. Introduction

This section provides a brief analysis of the opportunities in the use of ICT applied to tourism. These opportunities have to be assessed in the light of ‘real world’ issues – not just the obvious one of financial resources, but other aspects like limited capacity within the MoT in English and other languages, limited understanding of the target market and their decision-making processes and poor technology and ICT within the MoT offices

Additionally, it is not possible within the remit of this project to provide a theoretical overview of all the ways in which ICT can affect an NTO’s management and marketing functions,[54] nor the various stages of destination management systems. Instead the focus is on highlighting opportunities that are relevant to Cambodia’s current situation and challenges.

The opportunities presented are ranked from

- Easy to implement / Can implement over short-term / Will have immediate impact / will require minimal resources
- Harder to implement / Can implement over the long term / will have longer-term impact / will require substantial resources

## 4.2. The MoT website

Most marketing communication activity starts by looking at some version of the AIDA concept – how to grab the consumer’s Attention, how to spark their Interest, how to drive their Desire for your product, how to make them take Action.

<u>Attention</u>
Whilst the MoT is unlikely to fund international communication activity designed to create awareness of Destination Cambodia and grab the consumer’s Attention, it can:

- Work with locally available expertise to optimise its current site so that it achieves better rankings with search engines
- Link liberally – search out sites with content that is relevant and fills the gaps in the MoT website’s current content – like the WHL site, the ‘Stay another Day’ product content – and provide (free) links to these sites.
- Re-work the home page so that it is more likely to grab attention, for example
  - Use better quality, more evocative and larger photographic images
  - Keep the front page focused only on those aspects that are likely to interest a potential tourist (i.e. not on government matters or sub-regional tourism development projects)
  - Ensure the first page makes clear at-a-glance the content the tourist is most likely to be interested in – sample itineraries, hotel listings, tour/activity listings, ‘Before you Arrive’ information

<u>Interest</u>
Whilst the website has to provide full and relevant information on the Angkor heritage site, it is also a great opportunity to present additional product to achieve the overall aims of making tourists stay longer, spend more and see more of Cambodia. It is at the information-gathering stage that the potential tourist needs to be presented with sample itineraries that show s/he could spend a one or two week holiday in Cambodia, and not just 3 days in Siem Reap-Angkor.

<u>Action</u>
It is important to make sure the tourist can take Action – the site needs to provide access to bookable tour and / or hotel product. The MoT could develop a free, (rotational) system of listing tour operators (their e-mail address and website) so that tourists can Take Action and contact a tour operator to make the booking.

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[54] A presentation by Dr Roger Carter ‘Making the most of ICT-based opportunities for developing tourism in destinations’, delivered at the UNCTAD Expert Group Meeting on ICT and Tourism for Development in November 2005, provides a good overview on this topic looking at the broadest role for e-business in destination management and marketing.

In the short-term, before the MoT is able to provide a more through hotel listing service, it can link to the WHL Cambodia site so that tourists have the opportunity to take Action and make the booking

Constraint / solutions
A significant constraint to all this activity is the lack of English language skills and limited understanding of the audience, motivations and decision-making processes. To fully address these within an MoT context will take time and budget.

In the meantime, this could become a low-resource focus for donor agencies and / or innovative solutions could be sought whereby local advertising/web agencies with English competence provide these services in some exchange scheme whereby they are paid through any advertising revenue generated from the website.

## 4.3. Market Research

The lack of good quality, regular market research and its implications for target market strategies has been discussed in previous sections. There are opportunities for ICT in this area – not just the internet, but 'intelligent' hand-held devices. These research tools can minimise errors with data entry, cut out the time-consuming and error-prone process of data entry and speed up the analysis.

Clearly they are not panaceas –having the ICT tools won't make the survey happen. The core skills of how to plan and analyse regular tourism exit surveys will still need to be addressed and this is again a medium-term HRD issue.

Solutions
This area is an obvious one for donor assistance and capacity building in data gathering and analysis is a part of many donor programs in sectors other than tourism.

## 4.4. 'Outside the box'

Given the resource and capacity constraints facing the MoT, it is appropriate to think about innovative solutions that 'go outside' the tourism sector.

For example, Cambodia does not have a network of well-resourced, tourist information centres. Indeed, many regional tourism offices are hard to locate and not often open to the public. Tour operators in the 3 main centres can fulfil this role to some extent, but they are only likely to offer information on tour and hotel product that is commissionable to them and this excludes a whole range of tourism experiences and products.

However, a network of 'connected' MoT tourist information centres faces a host of problems at inception. At the same time, non-tourism private sector players like ANZ Bank have a connected regional network, 'high street' presence and an obvious draw for tourists given their foreign exchange and 24-hour access cash machine facilities. Once the (mammoth) task of collating all relevant information into an online format is undertaken, the distribution of this information through kiosks located in these banks could be considered.

# 5. Examples of good practice

## 5.1. Introduction

Following are some examples of good practice in the tourism sector in Cambodia. This is obviously not an exhaustive list but is intended to give a range of examples including two that are specifically focused on ICT and tourism. [55]

- The Bopha Angkor Hotel - a medium-sized, Cambodian-owned hotel that is realising significant benefit from its online activity
- Worldhotel-link.com - an online accommodation intermediary that lists guesthouses offering accommodation for $5 a night and with an emphasis on 'responsible tourism'
- 'Stay Another Day' – a rare example of a quick-win marketing strategy
- MoT activity

## 5.2. The Bopha Angkor Hotel

The 38-room Bopha Angkor Hotel in Siem Reap has been in operation for 7 years. It is 100% Cambodian owned and employs 100 Cambodian staff and 1 non-Cambodian (as GM). 80% of guests are from North America, Europe and Australasia and the hotel enjoys above-average year-round occupancy. 60% of their guests are independent travellers, the rest are groups of around 12 passengers. Almost all guests are visiting Cambodia in combination with Thailand and / or Viet Nam and their average stay in Cambodia of 3.5 days is almost all spent in Siem Reap.

In 2001, the hotel launched www.bopha-angkor.com as another channel to reach tourists. The hotel claims to generate 60 - 70% of its revenues online and to receive an average of 8 online bookings a day; the website clients (direct bookers) are also obviously the most profitable.

## 5.3. Worldhotel-link.com

WHL is an online accommodation intermediary listing accommodation providers in a range of worldwide destinations including Cambodia. A unique feature, in comparison to other online accommodation intermediaries, is that small, local guesthouses offering rooms for $5 a night are featured on the site. This model is economically feasible because booking operations are located in the destinations served, rather than offshore. With local e-marketplace operators[56] managing content for the Web sites, responding promptly to bookings and passing these on to the respective accommodation providers, costs are low enough that smaller hotels and guesthouses can afford internet marketing.

WHL evolved from MPDF's[57] support dating back to 2002 for SRHAGA (the Siem Reap Hotel and Guesthouse Association) members in their efforts to market themselves over the internet. The concept and mechanism (a website functioning as an online accommodation intermediary) were applied to other destinations within Cambodia and also Laos and Viet Nam. Over time, the product and processes were refined and in 2004 it was spun off as a private company, Worldhotel-link.com (WHL) to scale up this work worldwide.[58]

WHL's roles include central coordination, technology development/support, web marketing (which is critical), hosting, and setting up online payment gateways.

The current version of the WHL site provides some destination content in addition to the core hotel listings. The site is well written and has excellent photos. It currently features 123 accommodation providers in Cambodia of which 45% are in the 'Budget' category.

[55] It has not been possible within the remit of this project to solicit the opinion of others in the tourism sector as to whether they would agree that these are in fact examples of good practice.
[56] The local e-marketplace operator in Cambodia is Earthwalkers Fund
[57] The Mekong Private Sector Development Facility (MPDF) is a multi-donor funded initiative set up by the International Finance Corporation (IFC) in Cambodia, Laos and Viet Nam to reduce poverty through sustainable private sector development.
[58] This raises the question whether an enterprise like WHL would have existed without MPDF to subsidise the capital-intensive incubation phase of this venture as part of its remit to support the growth of the SME sector in Cambodia.

| | Budget | Mid Range | Top End | Total |
|---|---|---|---|---|
| Siem Reap | 40 | 27 | 14 | 81 |
| Phnom Penh | 11 | 8 | 13 | 32 |
| Sihanoukville | 4 | 5 | 1 | 10 |

The site allows for interaction and feedback from the tourist -

- a traveller feedback system to improve customer service ('Caring for the Customer'); currently, just over one-quarter of those listed have a rating
- and a rating system to recognize sustainable practices ('Caring for the Destination') – this imitative would seem to be in its infancy as only 10 providers, all in Siem Reap, have a rating[59].

On the web-marketing / distribution side, WHL

- owns site-specific URLS that come back to the one URL (for Cambodia, these include www.angkorhotels.org, www.phnompenh-hotels.org and www.sihanoukville-hotels.org)
- undertakes search engine optimisation activity for each destination e.g. for 'Siem Reap accommodation' they Google at No 1
- affiliate deals with regional players such as Travelfish
- affiliate deals at a global level with Lonely Planet – who buy into the fact WHL features the lower-budget places that would otherwise rarely get an online profile

Despite its MPDF-funding, the site is trying to make a commercial proposition as well – the MPO has to pay WHL a fixed fee per month which would come from their commission-based income from the Hotels and Guesthouses that receive bookings. Any hotel or guesthouse can ask to be listed and it is in the MPO's remit to source new properties.

The current Cambodian MPO writes that *'When the site was set up, many of the smaller hotels and guesthouses did not even know what Internet was. In terms of being able to help small to medium sized accommodation providers to get involved in community outreach projects and activities, promote themselves and receive bookings through the internet, WHL has had a large impact on certain places. WHL has also created awareness around 'good business practice', and we (the MPO) have helped accommodation providers to initiate community outreach programs and create social awareness. The success here can be seen in businesses obtaining higher occupancy rates, longer stays, repeat visitors and most of all their eager and willingness to improve.'*

In the 6 months to June 2006, 48 properties in Siem Reap received a booking via the WHL site and the total value of all bookings during this period was $76,713.00 (Siem Reap only). This represents significant growth as during the previous 12 months, it was $71,704.50 (Siem Reap only).

At the same time the venture faces several challenges including the fact the site doesn't yet offer real-time, online booking and it is possible that this affects bookings. Currently, a booking has 4 stages: request from guest, seeking availability from hotels, confirming availability to guest and lastly confirming the booking to the hotel. Real-time booking requires some system of inventory or allocation and this is likely to be most difficult with the small, budget guesthouses – the very segment that is one of the main beneficiaries of this venture.

[59] WHL's own promotional material explains that its approach to sustainable tourism is a grassroots one that doesn't rely on an (expensive) certification system that is rarely sustainable. It is about the accommodation provider incorporating 'Caring for the Destination' into their core product offering, to create that all-important USP. What the provider chooses to do and how it does it is upto the provider, local circumstances and local needs. For instance, the accommodation provider might support a local orphanage or other NGO, provide direct employment opportunities for disadvantaged groups, or instigate good environmental practices. As WHL's target audience of 'independent travellers' is likely to be positively pre-disposed to selecting providers who 'Care for the Destination', there is an inbuilt incentive for accommodation providers to engage in 'Caring for the Destination' and, with the Traveller Feedback mechanism that rates their efforts, an incentive to sustain the effort or risk receiving a poor rating which will almost certainly damage their prospects on the site.

## 5.4. 'Stay Another Day'

In June 2006, MPDF launched the 'Stay another Day' initiative in Siem Reap which offered a range of 'non-temple' activities in Siem Reap that would 'encourage travellers to discover the 'real' Cambodia, contribute more to the local economy and develop awareness of the importance of 'destination friendly tourism'.[60] The aim was to encourage tourists to stay longer than the current average of around 2 days. The initiative is part of the MPDF's remit to promote sustainable or 'destination friendly' tourism.

11 non-temple activities were presented in a brochure ('Things to do besides the temples) including an authentic Khmer sbaek thom (large shadow puppetry) performance, a landmine museum, an eco-tour on the great Tonle Sap Lake, a concert by some of Cambodia's best traditional musicians and visiting local children's centres to see the education and training they provide to disadvantaged children. The activities features are provided by 11 NGOs[61] that have products and services that would appeal to tourists, helping them to promote these better, and preparing to link them with tourism businesses.

Preliminary indications are that the test project has had a positive impact. For example one of the 11 NGOs featured noted its monthly sales have increased more than tenfold whilst another has received a large number of walk-in clients, which has not previously happened.

Perhaps more importantly, MPDF has undertaken a high-visibility, quick-win campaign which directly addresses the government's aim of maximising tourist dollar spend at grassroots levels.

There are two obvious drawbacks to this initiative. The first is that it had to be donor-initiated rather than state initiated. Secondly it was not an online campaign so tourists would only hear about it once they arrived in Siem Reap and saw the promotional information. By this stage, most tourists are probably unlikely to be able to change their plans and actually 'Stay another Day', though they can, of course, re-evaluate how to spend their time in Siem Reap (note the promotional brochure was entitled 'Things to do besides the temples').

Currently, MPDF is expanding 'Stay Another Day' to other destinations within Cambodia, including Phnom Penh, Sihanoukville, Kampot, Kep, Battambang and Kratie.

## 5.5. MoT and other state activity in the tourism sector

Though this report has highlighted the many challenges facing the state management of the development of tourism in Cambodia, it is also important to highlight some of the policies and actions that have had a positive impact on tourism arrivals:

- the visa on arrival policy – MoT officials say that Cambodia was the first country to do this (1993)
- in April 2006, the Ministry of Foreign Affairs and International Cooperation launched e-Visa which enables visitors to apply for a Cambodia travel visa online – another first in the region
- Recognising the role that sustainable tourism can play in poverty reduction
- facilitating foreign investment into hotel infrastructure in Siem Reap and Phnom Penh – this is a double-edged sword because most commentators agree that the development of Siem Reap over the last few years has been chaotic and uncontrolled and has contributed significantly to the current crisis with the town's infrastructure
- the 'open skies' policy with relation to airlines, though this policy is also controversial and, as witnessed by the recent CATA / CHA request for greater access at Siem Reap airport, some commentators refer to 'it's open skies for Bangkok Airways.'[62]

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[60] MPDF press release

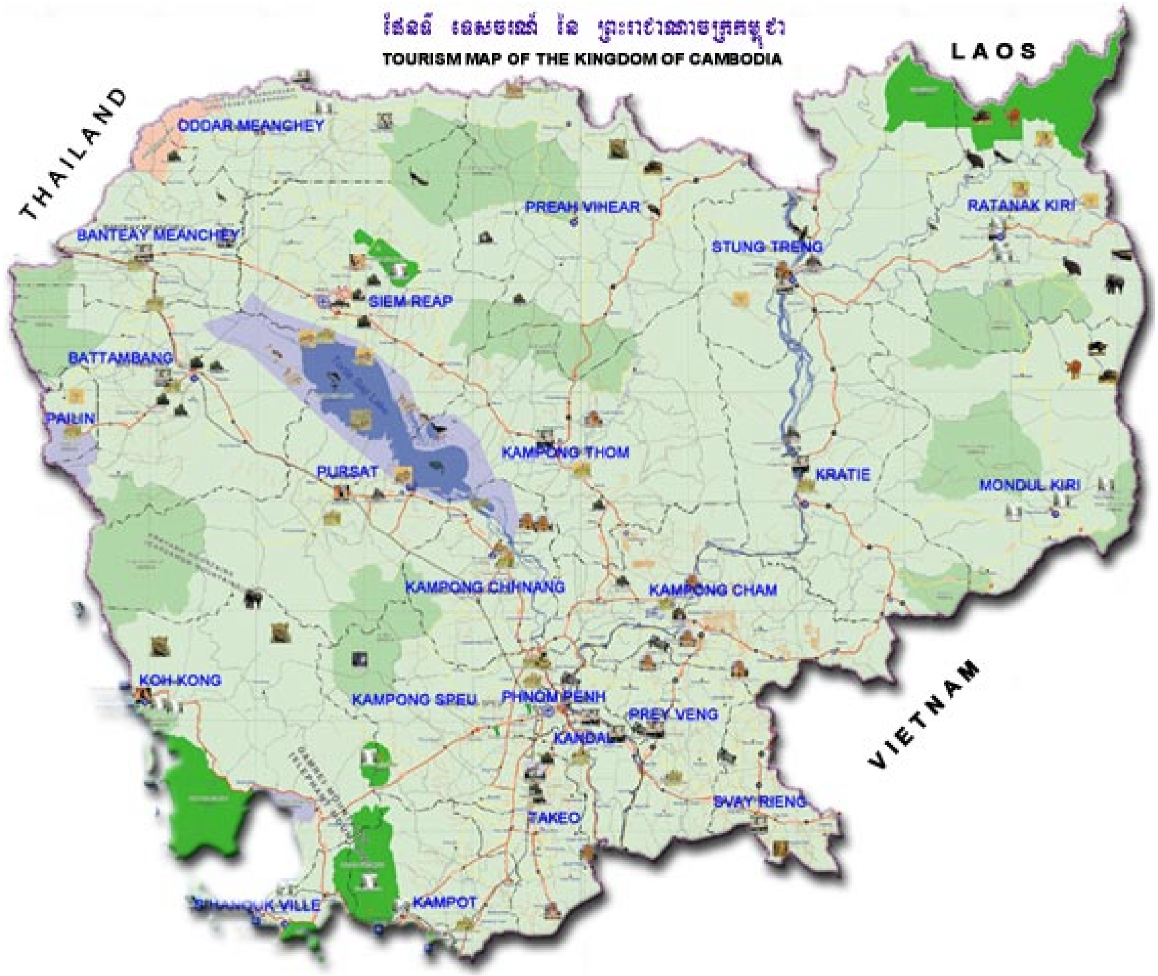
[61] The NGOs participating in the Stay another Day initiative are the Sangkheum Center for Children, Angkor Hospital for Children, Artisans Angkor, Handicap International – Belgium, Sala Bai Hotel and Restaurant School, Cambodian Living Arts, Osmose, Rehab Craft Cambodia, Cambodian Landmine Museum, Paul Dubrule School of Hotel and Tourism and Krousar Thmey

[62] Noakes (2005) writes 'Cambodia's open-sky air access policy has developed to now go against the trend where good air service is missing in virtually all developing countries – often characterised by high costs and low service/frequency levels, inadequate infrastructure for market development and safety, unsuccessful, heavily subsidised nationalised airlines, ineffective competition in service, in quality and market performance and lack of human resource capacity. Over the past decade, Cambodia has made

# Appendix 1: Tourism Assets

The following table classifies Cambodia's tourism assets as **Primary,** Secondary or *Tertiary.* This simply reflects whether they are current 'must-sees' or of niche interest, reflecting in part whether they are easily accessible or not. This is not a comprehensive listing.

The following map is from the visit-mekong.com website.




| | |
|---|---|
| **Phnom Penh and Around** | |
| **Phnom Penh** | |
| **Cultural Heritage** | **The Royal Palace**<br>**The Silver Pagoda**<br>**Wat Phnom** |
| **Museums** | **The National Museum**<br>**Tuol Sleng Genocide Museum** |
| **Misc.** | **Shopping - The Russian Market and The 'Central' Market**<br>Traditional dance and shadow puppet performances<br>Riverside promenading<br>Sunset 'cruise' or River 'cruise' on the Mekong<br>*The French Quarter'* |
| **Around Phnom Penh** | |
| **Cultural Heritage** | *Angkor-era temples of Tonle Bati and Phnom Chisor*<br>*Old Capital of Oudong* |
| **Museums** | **Choeung Ek Memorial (the killing fields)** |

progress in the liberalising of restraints in national policies, bilateral air service agreements and multilateral aviation initiatives to address much of the above constraints. The 'trade-off' to achieve accessible and reasonably priced air services has been foreign carrier domination of routes to/from Cambodia – particularly from carriers domiciled in Thailand and Vietnam. … While it will have its detractors and some disadvantages, the Government's 'open skies' policy has bought Cambodia benefits that many other developing economies who have not taken this approach have missed out on.

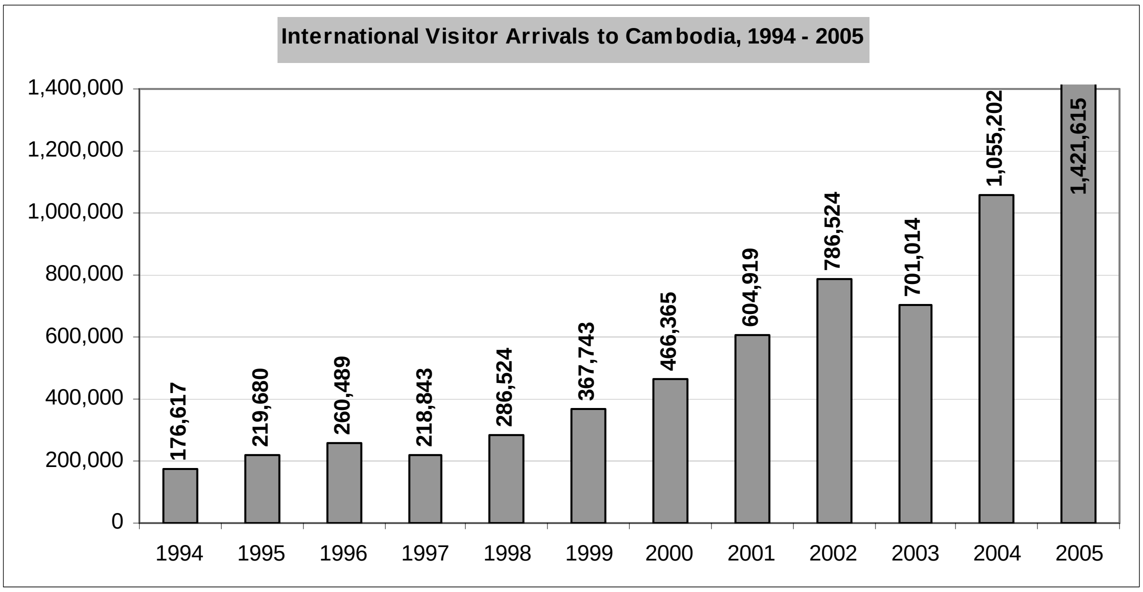
| | |
|---|---|
| **Nature** | Kirirom NP |
| **Misc.** | *Phnom Tamau Zoological Gardens and Wildlife Rescue Centre* |
| **Battambang and the Northwest** | |
| **Battambang and Around** | |
| **Cultural Heritage** | Wat Banan ancient hill-top pagoda<br>Phnom Sampeu – pagodas, caves, hilltop views |
| **Misc.** | Provincial capital of Battambang, widely regarded as a colonial gem<br>Some of the most stunning and evocative 'rural scenery' in Cambodia |
| **North and Northwest of Battambang** | |
| **Cultural Heritage** | *Banteay Chhmar – stunning, ruined Angkorian temple* |
| **Nature** | *Sarus Crane Conservation Area at Ang Trapeang Thmor in Banteay Meanchey province; globally threatened Sarus cranes and other bird species* |
| **Misc.** | **Pailin (border crossing)** casino tourism mainly for Thais coming over the border<br>Poipet **(border crossing)** casino tourism mainly for Thais coming over the border |
| **Siem Reap province** | |
| **Cultural Heritage** | **The temples of Angkor, a UNESCO World Heritage site ( including Angkor Wat, the walled city of Angkor Thom, and Bayon, Ta Prohm and Banteay Srei)**<br>Kbal Spean (sacred lingas carved into the riverbed) and Reclining Buddha at Phnom Kulen<br>Temple ruins of Beng Melea<br>Temple ruins of the ancient capital of Koh Ker (Preah Vihear province) |
| **Nature** | **Boat trip on the Tonle Sap lake to view floating villages and life on the lake**<br>Tonle Sap - Prek Toal Bird Sanctuary, including three endangered species |
| **Misc.** | Traditional dance performances<br>Shopping for Cambodian traditional crafts and silk products |
| **Central Cambodia** | |
| **Kampong Thom and Around** | |
| **Cultural Heritage** | Sambor Prei Kuk, Cambodia's most significant pre-Angkorian temple complex<br>*Preah Khan temple complex* |
| **Preah Vihear** | |
| **Cultural Heritage** | *Preah Vihear temple, on a ridge above the Cambodian-Thai border* |
| **Nature** | *Tmat Boey Wildlife Sanctuary (Ibis site)* |
| **Misc.** | *Joom Noon silk-weaving co-operative (Tbeng Meanchey)* |
| **The Northeast** | |
| **Kratie and Around** | |
| **Nature** | Irrawady dolphins, Kampie pool near Kratie |
| **Cultural Heritage** | *Sor Sor Muy roy temple (100 pillar temple)* |
| **Misc.** | Kratie town and environs |
| **Stung Treng and Around** | |
| **Nature** | Mekong and Sekong river trips (including the 'border' Irrawady dolphins) |
| **Misc.** | *Stung Treng town and environs* |
| **Ratanikiri province** | |
| **Cultural Heritage** | Ethnic minority villages / traditional ways of life |
| **Nature** | Yeak Laom lake in the crater of an extinct volcano<br>Virachey National Park (the largest protected area in Cambodia), including organised treks<br>*O Seng Lea Waterfall* |
| **Misc.** | lush jungles, misty rivers and gushing waterfalls |
| **Mondulkiri Province** | |
| **Nature** | Bou Sraa waterfall<br>Sre Pok Wildlife sanctuary |
| **Cultural Heritage** | Ethnic minority villages / traditional ways of life |
| **Sihanoukville and The South** | |
| **Sihanoukville (Kompong Som) and around** | |
| **Nature** | **Beaches**<br>**Islands**<br>*Diving*<br>Ream NP, the only protected marine area in Cambodia<br>*Kbal Chhay waterfalls* |
| **Kampot and Around** | |
| **Nature** | *Karsts and Caves (limestone mountains)*<br>Bokor NP including Bokor hill station |
| **Misc.** | Kampot, charming riverside town |
| **Kep** | |
| **Nature** | *Islands* |
| **Koh Kong and Around** | |
| **Nature** | *The Cardamom Mountains – mostly inaccessible and unexplored, an area of outstanding natural beauty, primary jungle and home to numerous and endangered animal species incl. tiger.*<br>*Beaches, stunning forest scenery, white water rapids (southern Cardamom mountains)* |

# Appendix 2: Tourism Statistics

**Unless otherwise specified, all data in this appendix is from 'MoT Annual Report on Tourism Statistics 2005' and the MoT website www.mot.gov.kh**

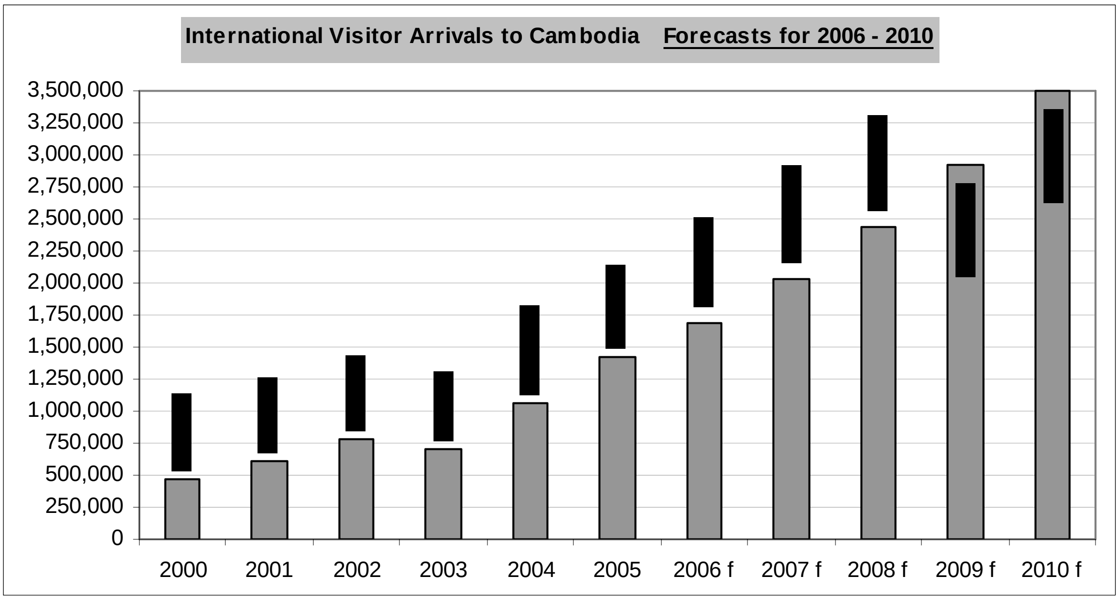
## International Visitor Arrivals 1994 - 2005

Between 1994 and 2005, Cambodia experienced a sevenfold increase in IVAs from 176,617 to 1,421,615 visitors. During this period, (including the dip of 2003[63] and bounceback of 2004) the average year-on-year growth rate was 22.5%.




## Forecasts 2006 - 2010

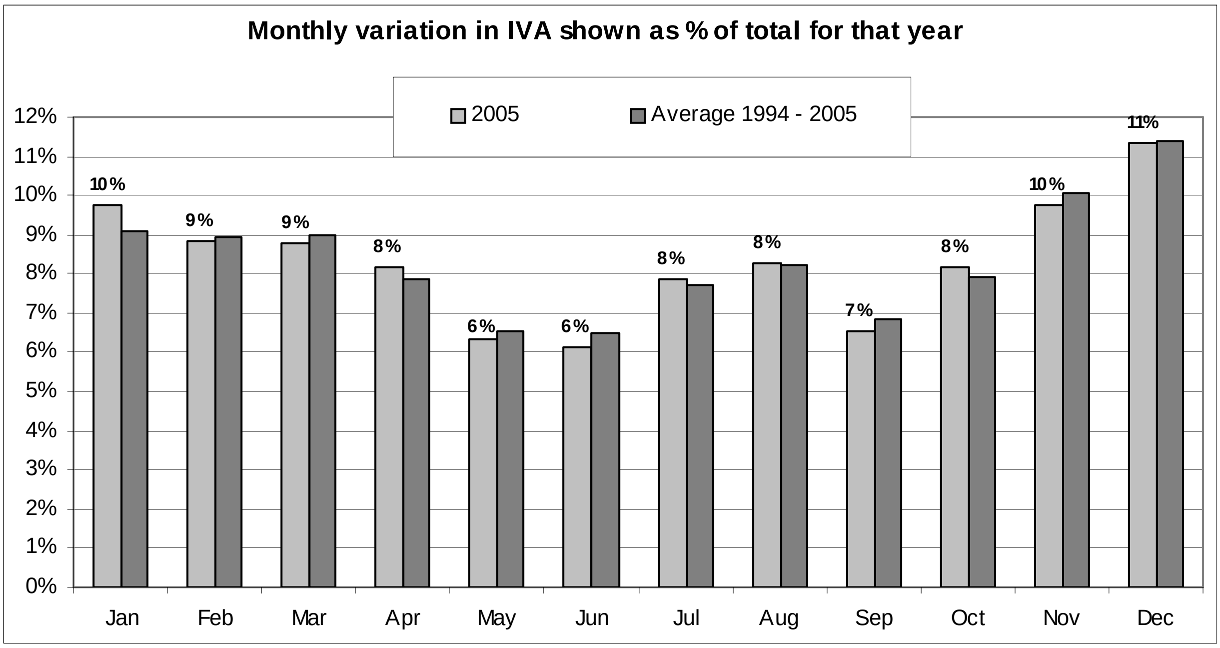
The MoT has forecast an average year-on-year growth rate of 20% in IVAs for the period 2006 – 2010, reaching the 3 million milestone at the end of 2009 / start of 2010. Based on the latest arrivals data at the time of writing, Cambodia recorded 1.07 million IVAs during January – August 2006, a figure that slightly exceeds the forecast for this period.




[63] In 2003, tourism arrivals dropped as a result of external and regionwide factors like the war in Irag and the SARS outbreak, as well as the anti-Thai riots within Cambodia.

## Seasonality

There is a seasonal trend in IVAs – from a high of 11% of all visitors in a calendar year arriving in December to a low of 6% in June (based on monthly averages 1994 – 2005). The following chart highlights the peaks and troughs. At the same time, the seasonal variation does not seem as pronounced as has sometimes been suggested: for example, the 6 months in 2005 recording the highest IVAs account for 57% of all IVAs in that year.




## Purpose of Visit

Purpose of Visit is only shown here for IVAs at PPIA and SRIA as there would seem to be some inconsistency for the 'Land and Boat purpose of visit' data.

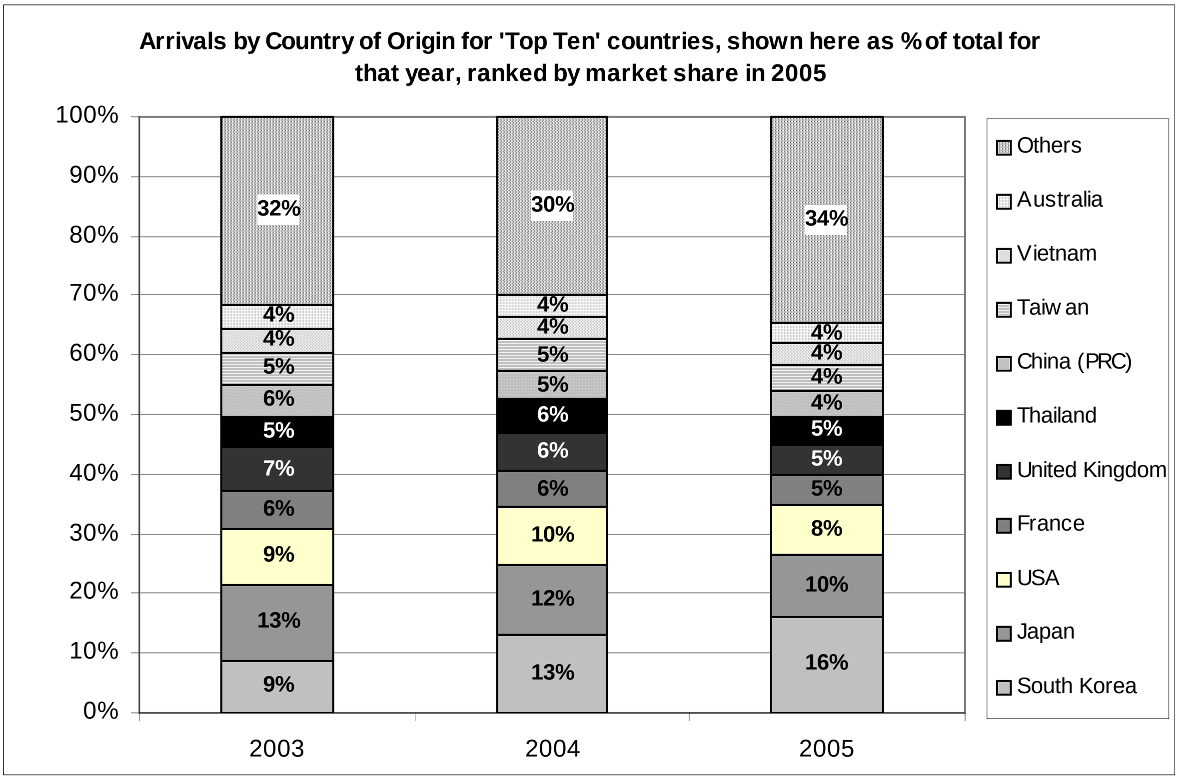
If we combine the PPIA and SRIA figures for 2005, 87% of IVAs are tourist, with 8% Business and 5% 'Official'. However, as would be expected given SRIA / Angkor complex, these aggregated figures mask significant purpose-of-visit differences between the two destinations:

| 2005 | Tourist | Business | Official |
|---|---|---|---|
| **PPIA** | 77% | 15% | 8% |
| **SRIA** | 97% | 1% | 2% |
| **2002 – 2005 average** | | | |
| **PPIA** | 74% | 18% | 8% |
| **SRIA** | 96% | 1% | 3% |

## Source Markets / Nationality of Arrivals[64]

Almost all source markets have shown positive year-on-year growth during 2003 – 2005 but the growth in IVAs from South Korea is significant - from 9% of all arrivals in 2003 to 16% in 2005; South Korea is now the number one supplier of IVAs to Cambodia.

[64] The MoT's source market data also includes 'Prey Vihear' for 2004, 2005 data. As Prey Vihear is not a source market but a tourism destination within Cambodia, all data in this section excludes the Prey Vihear figures which are not subdivided by nationality.




The Top 2 markets of Japan and South Korea account for nearly 27% of all arrivals (2005), and the 4 'North Asian' markets of South Korea, Japan, PRC and Taiwan account for 35% of all arrivals (2005). During 2003 – 2005, the Top Ten markets accounted for an average of 68% of all arrivals.

The markets showing the highest growth 2004 – 2005 (excluding those grouped as 'Other' e.g. 'Other Asia and Oceania' showing 233% growth to 38,200 IVAs, and 'Africa and Middle East growing195% to 76,644 IVAs) are:

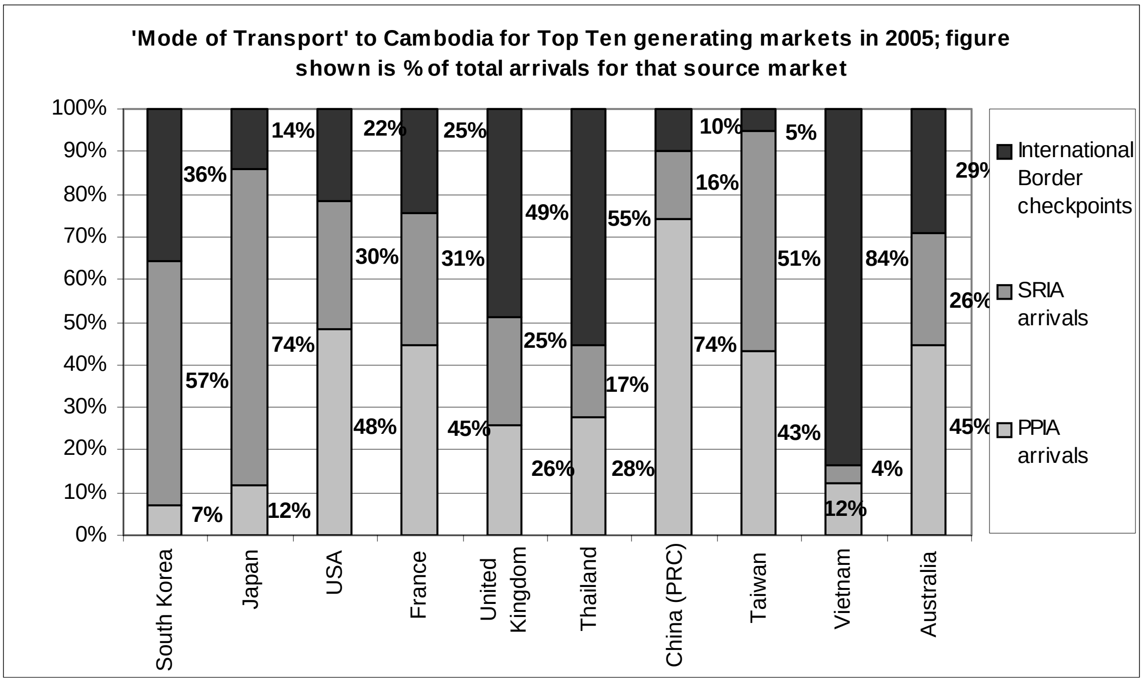
- Russia 97% growth (2005 = 3,627 IVAs)
- South Korea 69% growth (2005 = 216,584 IVAs)
- Laos 68% growth (2005 = 2,780 IVAs)
- Spain 61% growth (2005 = 11,429 IVAs)

Crucially, there is no research on tourist profile by nationality which would be one of the key inputs for a target market strategy based on yield management rather than volume. This profile would provide key metrics – length of stay and numbers of destinations visited (within Cambodia), daily spend and so on. Some of the existing arrivals data does provide some insights – for example, the following table shows that with the absolute increase in numbers arriving (by air) from all Top Ten market, there has also been a corresponding decrease in the relative numbers coming into PPIA

**Arrivals into PPIA as % of total arrivals from that source market, 2003 – 2005**

| | 2003 | 2004 | 2005 |
|---|---|---|---|
| South Korea | 17% | 10% | 7% |
| Japan | 17% | 14% | 12% |
| USA | 49% | 48% | 48% |
| France | 49% | 48% | 45% |
| United Kingdom | 31% | 25% | 26% |
| Thailand | 39% | 30% | 28% |
| China (PRC) | 91% | 81% | 74% |
| Taiwan | 85% | 55% | 43% |
| Viet Nam | 7% | 18% | 12% |
| Australia | 54% | 46% | 45% |

The chart below shows mode of arrival by source market for 2005:



# Appendix 3: Donor support for the tourism sector

The following list not exhaustive and does not include all the small-scale initiatives in Community-based tourism (CBT) and excludes funding and support from UNESCO and other agencies where the primary focus is the Angkor archaeological site.

| **Donor / IFI / NGO** | **Project** | **Focus** | **Regions** | **Project Value** | **Period** | **Status** |
|---|---|---|---|---|---|---|
| Conservation International | CBT/ ecotourism in the Central Cardamoms Protected Forest | ecotourism | Koh Kong province | | 2006+ | w.i.p. |
| ADB Project 38015 | Sustainable Tourism Development (formerly pro-poor tourism improvements). Technical Assistance for a feasibility study and a project design for priority tourism-related development subprojects in the GMS, which will serve as models and best-practice cases for sustainable and pro-poor tourism development. | Pro-poor tourism | GMS | $900,000 | from May06 | w.i.p |
| ADB Project 37626 | GMS Tourism Sector Strategy 2006 – 2010 – technical assistance | | GMS | $800,000 | 2006 - 2010 | w.i.p. |
| WTO | Mekong Discovery Trail - Poverty Alleviation through Tourism Development and Conservation of Mekong River Dolphin and Its Habitat | Pro-poor tourism and ecotourism | Kratie and Stung Treng provinces | First phase $730,150 | 2006 - 2010 | w.i.p |
| SNV | Developing a national level ecotourism strategy | ecotourism | | | 2006 – 2008 | |
| GTZ | The Development of Cultural Tourism in Kampong Thom province (Sambor Prey Kuk et al Archaeological Complex) | Rural development | Kampong Thom province | | 2006 + | w.i.p. |
| NZAID | Cambodia Country Strategy 2005 – 2010<br>NZAID will concentrate its bilateral assistance on the development of pro-poor tourism and natural resource management' | Pro-poor tourism | | | 2005 - 2010 | w.i.p. |
| The World Bank[65] | Virachey National Park Eco-tourism strategy 2005 - 2009 | ecotourism | mainly Ratanikiri province | | 2005 - 2009 | w.i.p |
| UNDP – IUCN[66] - MRC | Mekong River Basin Wetland Biodiversity Conservation and Sustainable Use Programme (MWBP) - to promote conservation and sustainable use of the biodiversity of wetlands in the lower Mekong Basin | ecotourism | Cambodia, LaoPDR, Thailand, Viet Nam | $30m | 2004 - 2009 | w.i.p |
| WWF | Developing sustainable wildlife tourism in Mondulkiri Protected Forest (MPF) | ecotourism | Mondulkiri | | Current | w.i.p |
| TAT[67] | Master Plan for tourism development of the southern coastal zone. | | | | Presented in 2004 | |
| WTO | Sustainable Tourism and Capacity Development in the Emerald Triangle Region (the tri-border area between Cambodia, Laos and | | Oddar Meanchey, Preah Vihear and | | | |

[65] Funded by The World Bank and the Global Environmental Facility (DFE) through the Biodiversity and Protected Areas Management Project (BPAMP), Department of Nature conservation and Protection of the Ministry of Environment
[66] IUCN The World Conservation Union, MRC Mekong River Commission
[67] Tourist Authority of Thailand

| | | | | | | |
|---|---|---|---|---|---|---|
| | Thailand) | | Stung Treng provinces | | | |
| ADB | GMS: Mekong Tourism Development Project (MTDP) | Infrastructure, pro-poor CBT, sustainable tourism | Siem Reap town, Phnom Penh environs, Stung Treng and Ratanikiri provinces | $20.7m for Cambodia | 2002 - 2007 | w.i.p |
| ADB Project 33381 | Technical assistance - Building Capacity in Tourism Planning, including production of the National Tourism Development Plan 2001 - 2005 | HRD, Planning | | $586,000 | 2000 - 2001 | completed |
| ADB Project 32468 | Technical assistance - Strengthening Tourism Planning From June 1999 | HRD, Planning | | $150,000 | 1999 | completed |
| ADB Project 32109 | Technical assistance - Tourism Skills Development in the GMS | HRD | GMS | GMS $125,000 | 1998 | completed |
| ADB Project 29531 | Technical assistance - Regional Program to Train Trainers in Tourism in the GMS | HRD | GMS | GMS $130,000 | 1995 | completed |
| UNWTO, UNDP | National Tourism Development Master Plan | Planning | | | 1994 - 1996 | completed |

# Appendix 4: ICT situation in Cambodia

## What are ICTs?

'Information and communication technologies (ICTs) are the hardware, software, networks, and media used to collect, store, process, transmit, and present information in the form of voice, data, text, and images. They range from telephone, radio and television to the Internet.'[68]

For the purposes of this report, we look at telephony and the internet, and not television or radio as the focus is very much on those ICT applications (and related platforms and supporting infrastructure) that can be used to better engage international tourists to achieve the broader and over-riding goal of sustainable development of tourism in Cambodia.

## Key ICT Indicators[69]

| **ICT sector performance** | Cambodia 2004 | Comparison with other low-income countries 2004 | Comparison with East Asia and Pacific region 2004 |
|---|---|---|---|
| **Access** | | | |
| Telephone main lines per 1,000 people | 3 | 33 | 194 |
| Mobile subscribers per 1,000 people | 63 | 48 | 248 |
| Population covered by mobile telephony | *87* | *43* | *73* |
| Internet users per 1,000 people | *3* | 20 | 75 |
| Personal computers per 1,000 people | *2* | *8* | 37 |
| Secure internet servers per 1 million people[70] | 0.1 | 0,3 | 0.6 |
| **Quality** | | | |
| International internet bandwidth (bits per person) | *2* | *3* | 52 |
| **Affordability** | | | |
| Price basket for fixed line (US$ per month, residential) | *9.3* | *6.6* | *5.5* |
| Price basket for mobile (US$ per month) | 4.0 | 11.6 | 5.1 |
| Price basket for internet (US$ per month) | *49.7* | *45.5* | 19.9 |
| Price of call to US (US $ per 3 minutes) | *2.94* | 1.95 | 1.20 |

*Figures in italics for years other than those specified.*

[68] The World Bank, http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTGENDER/EXTICTTOOLKIT/0,,menuPK:542826~pagePK:64168427~piPK:64168435~theSitePK:542820,00.html (accessed October 2006)

[69] Data in the following table is taken from World Bank (2006) 'Information and Communications for Development 2006: Global Trends and Policies', 'ICT at a Glance Country Table'.

[70] The number of servers using encryption technology for internet transactions, per 1 million people. World Bank acknowledges www.netcraft.com for this data

| Indicator[71] | | Year | Source |
|---|---|---|---|
| Fixed-line subscribers | 36,400 | 2004 | ITU[72] |
| | 38,000<br>(28,000 MPTC/TC and the rest Camintel) | 2006 | Interviews |
| Mobile Phone subscribers | 1,000,000 | End 2005 | budde.com[73] |
| Number of PCs nationwide | 38,000 | 2004 | ITU |
| Number of Internet Users | 41,000 | 2004 | ITU |
| | c.9,000 subscribers, split more or less equally between broadband and dial-up subscribers | 2006 | Interviews |
| | c.100,000 users via the 800+ internet cafes, using 2/3 times p.week | 2006 | Interviews |

## Service providers and users

1. Telecommunication service providers
2. Internet service providers
3. IT users

1. Telecommunication service providers

At April 2006, Cambodia had 8 telecommunication service providers. There are two international gateways - TC has 001 and Royal Telecom International has 007 (RTI is part of The Royal Group that owns Mobitel, together with Millicom.). There is one VOIP gateway - 008 to Millicom (the majority shareholder of Mobitel) and it is reported that a 4th VOIP license has recently been granted to Viettel.

| Fixed line service providers | Mobile phone service providers |
|---|---|
| Camintel | Camtel 018 |
| Camshin (Shinawatra) | Casacom (Samart) 016 |
| Telecom Cambodia (TC), previously part of MPTC | CamGSM (Mobitel) 012 |
| | Camshin (Shinawatra) 011 |

Each operator has a different prefix number and users experience difficulties in connecting from one network to another. It is widely believed that this is a deliberate policy on the part of the service providers and has a direct impact on the cost of doing business – the Sales Manager for one travel-sector company carries mobile phones for three different networks to overcome this difficulty.

In October 2006, Mobitel launched the country's first 3G mobile telephone network though without the video phone feature that is its biggest draw. Subscribers can watch real-time broadcasts of select TV stations and have access to a fast Internet connection.

2. Internet service providers (ISPs)

At April 2006, there were 11 ISPS. The main ones are:

- Angkor Net (part of Anana IT retailer and service provider)
- Camnet (TC)
- Citylink

[71] Many of the key indicators data shown here are also shown in an UNDP Cambodia publication 'Situational Analysis of ICTD in Cambodia' April 2006, Mayumi Miyata. The data shown in this report has been retraced to the original data source and, in some cases, has been updated since the UNDP report

[72] International Telecommunication Union (ITU) website www.itu.int; most recent data for Cambodia is 2004

[73] www.budde.com.au, '2006 Telecoms, Mobile and Broadband in Asia report Cambodia, Laos, Myanmar, Thailand, Viet Nam'

- Online (part of AZ Group that also owns Camintel)
- Telesurf (part of Mobitel, part of the Royal Group)

Products include
- Pre-paid Dial-up e.g. Citylink peak time costs from $10 for 10 hours and Online peak time costs from $10 for 6 hours
- DSL e.g Citylink from $60 per month for 128 kbps, free usage 500 Mb or from $350 per month for 128 kbps unlimited usage and Online from $69 per month for 128 kbps
- Wi-Max Angkor Net from $39 per month for 128 kbps, free usage 500 Mb, plus fixed costs
- Leased line internet access

Interviews suggest Online dominates the market both in terms of number of subscribers (both individual and business) and market share by revenue (cumulative across all products). Online is estimated to have at least two-thirds of market share by revenue, followed by Telesurf with around one-fifth of the market. Online is also thought to have roughly half of all broadband subscribers and, within this, be the dominant supplier for business (broadband) users.

Some industry estimates suggest 85% of all Business subscribers are in Phnom Penh. More than 100 Cambodian travel sector operators are plugged into global GDS ABACUS.

ITU's 2004 data suggests there are 41,000 Internet users in Cambodia. Interviews suggest there are currently (2006) about 9,000 subscribers, split more or less equally between broadband and dial-up subscribers. However, they also estimate about 100,000 users via the 800+ internet cafes in Cambodia.

3. IT Users
A World Bank study reported that just under 19% of workers (in 500 enterprises reviewed) use a computer in their job; the travel sector is one of the top 3 users. [74]

| Sector | % of workers who use computers in their jobs (based on total sample of 500 enterprises) |
|---|---|
| IT / electronics | 69% |
| Transportation, Shipping and Trade | 27% |
| Restaurants, hotels and tourism | 24% |
| Garments | 19% |

## Challenges for the ICT sector in Cambodia

Two recent publications, one from the UNDP-Cambodia and the other from ADB,[75] as well as interviews conducted for this study highlight the following challenges for the ICT sector in Cambodia:

Infrastructure
- Fixed line telephone density in Cambodia is only 3% - one of the lowest rates in Southeast Asia. Cambodia is the first country in the world where mobile phone subscribers surpass fixed-line ones - mobile phones account for about 90% of the market with only 10% covered by fixed telephones. The fixed telephone network infrastructure is undeveloped, expensive and has limited capacity.
- The current backbone infrastructure is limited and inadequate for the latest business activities that require heavy data transfer over the Internet. Cambodia has only two optical fibre cable lines: from Poipet (Cambodia-Thai border) - Phnom Penh - Bhum Bavet (Cambodia-Viet Nam border), and Sisophon - Siem Reap; another is planned from Kompong Cham to Sihanoukville via Phnom Penh (a part of the Government's growth corridor project to promote foreign direct

[74] World Bank (August 2004) Report No. 27925-KH 'Cambodia, Seizing the Global Opportunity: Investment Climate Assessment and Reform Strategy for Cambodia'
[75] ADB Technical Assistance Report Project Number: 39125, August 2006, 'Kingdom of Cambodia: Implementation of Telecommunications Sector Policy Reforms and Capacity Building' (Financed by the Japan Special Fund)

investment in southern Cambodia). Other main cities are connected through wireless communication technologies which have limited access lines.

- Expensive international gateways result in high access cost and narrow bandwidth, leading to problems with connectivity and slow connections. Cambodia lacks a submarine cable whereas neighbouring Viet Nam has several. The bandwidth connecting Cambodia to the outside world is limited to 160Mbps both up and down links. It is not sufficient to meet growing demand but cannot be easily upgraded due to its high cost. The cost of optical fibre link is c. $3,570/1 Mbps and for satellite link c. $4,500 - $6,000/1 Mbps per month up and down. Many ISPs resort to the expensive satellite link. In Singapore, this would be around 30x cheaper at c.$100/1 Mbps per month.
- Thirdly, the relatively high 'fixed' costs facing ISPs (royalty paid to MPTC per customer 'plugged in' for monthly-payment plan customers and to TC as DSL royalty) lead to a high 'base' price for internet subscribers.
- All these factors mean internet prices in Cambodia are amongst the highest in the world and the most expensive in Southeast Asia.
- Electricity – Cambodia does not have nationwide electrical grid coverage[76] and the cost of electricity is significantly higher than in neighbouring countries

Policy – also see section on Policy and Legal Framework

- 'The Government does not have a telecommunications law to regulate the sector. Without such an overarching law, the Government's administration of the sector is not transparent or accountable to the public'. Additionally, 'the Government urgently needs to establish regulatory principles to promote fair competition in the sector which is indispensable for providing high-quality and cost-effective telecommunications services'[77]
- The Law on Electronic Commerce was drafted by July 2003 and provides the necessary legal basis for electronic transactions . However, it has not yet been passed.
- Unclear roles and responsibilities between Ministry for Post and Telecommunications (MPTC) and NiDA (the National ICT Development Agency) lead to weak coordination and cooperation among key players.

Human Capacity

- Scarce skilled ICT professionals.
- Lack of educational foundation in the current 20 – 44 age group because of Cambodia's past.

Enterprise

- In general, IT businesses found in Cambodia are computer retail and maintenance, internet cafés and a few software solution providers which offer web design, small database systems etc. They are concentrated in town areas and are mostly small and medium enterprises (SMEs) for the domestic market.

Contents and Applications

- Few Khmer applications - since a majority of the population use the Khmer language only, localization of standard software is important but progress has been slow. One main achievement is the Openoffice, a standard office open source application equivalent to Microsoft Office, which was fully localized and has been freely distributed by NiDA.
- Lack of Khmer operating system - none of the operating systems have been localized yet though two teams are working on this. Both outputs are expected to be incorporated in the next version of Windows, Vista. The release of Vista or KhmerOS is expected to expand computer users.

## The Policy and Legal Framework

The Government's National Strategic Development Plan (NSDP) 2006 – 2010 which is the country's comprehensive five-year plan at the highest level notes 'the still high cost of

[76] The ADB Asian Development Outlook 2006 notes only about 17% of the total population are served by the power grid

[77] ADB Technical Assistance Report Project Number: 39125, August 2006, 'Kingdom of Cambodia: Implementation of Telecommunications Sector Policy Reforms and Capacity Building' (Financed by the Japan Special Fund)

telecommunications burdens the entire population as well as businesses' (Para 2.45). Under 'Key Strategies and Actions', paragraphs 4.68 and 4.69 mention infrastructure expansion with reducing the cost of telecommunications as an immediate priority, and the use of ICT in all aspects of governance and the government.[78]

Despite this commitment to telecommunication and ICT development at the highest levels, there has been limited progress in implementing sector reform particularly a telecommunications law to regulate the sector and promote fair competition under transparent conditions, which is seen as a prerequisite to providing efficient and cost-effective telecommunication services.

- NiDA began working on a national ICT policy in 2004. By 2006, it was till not endorsed by the Council of Ministers and interviewees say they expect it to be endorsed by the end of this year.
- The Telecommunication Sector Policy statement is aimed at reforming the telecommunication sector by breaking up MPTC into three parts: policy, regulatory, and operational functions. Only the policy function remains with MPTC, other regulatory and operational functions are to be transferred to newly established bodies, the TRC (Telecommunications Regulator of Cambodia) and TC (Telecom Cambodia) respectively. Following the Prime Minister's signature on the relevant sub-decree, Telecom Cambodia (TC) was officially created as a state-owned corporation. However, a sub-Decree on the creation of the TRC has not yet been drafted. Once it is drafted and signed by the Prime Minister, the TRC will be created and the functions transferred from MPTC to TRC.
- The draft Law on Telecommunications was approved by the Prime Minster and Council of Ministers and submitted to the National Assembly for approval in April 2006. This defines how the Telecommunications Regulator of Cambodia (TRC) will regulate the sector especially in relation to telecommunication service providers (operators).

It should be noted that much of the sector reform was achieved once it was specified as a condition of a JBIC loan to the Government in March 2005 for an optical fibre cable installation project from Kompong Cham to Sihanoukville via Phnom Penh.[79]

Having assisted the Government in achieving the first phase of sector reforms, the ADB is now providing technical assistance to the Government to implement the remaining sector reforms, namely: (i) establishment of regulatory principles, (ii) capacity building of MPTC, and (iii) capacity building of TC.[80] The project aims to achieve increased telephone density in Cambodia to 10% by 2011.

The weekly 'Business Press Review' in Cambodia reported 4 – 10 September 2006 that China has granted $17.5 m in preferential loans to Cambodia to develop an optical fibre system as part of the

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[78] NSDP 2006 – 2010: '4.68. The long term development vision is to develop a cost-efficient and world-class post and telecommunications system that has a nation-wide coverage. The realisation of this vision would require high levels of investment to build the backbone infrastructure of the telecommunications systems, especially high-speed optical fibre cables for the development of rural telecommunications systems. The immediate challenge is to bring down the cost of telecommunications to help businesses and people at large. Telecommunications and Information Technology (IT) should be made to work for the betterment of the poor. Priorities during NSDP 2006 – 2010 are:

- Rapidly bring down the presently high cost of telecommunications
- Expand the telecommunications network in urban areas and extend them to smaller cities and rural areas
- Expand postal services from cities, urban areas to rural areas with quality, reasonable price and strengthen the capacity of responsible institution
- Continue to follow an open policy in promoting a high level of private sector participation

4.69. Emphasis will continue on promoting extensive use of Information Technology in all aspects of governance and government to improve efficiency and effectiveness in maintenance of records, databases and websites which will provide easy access to public at large on all matters of their concern. Each ministry or agency will host its own website and keep it fully updated every six months or more often as needed. Such websites will contain all data and information pertaining to the ministry or agency.'

[79] The required sector reforms were: '(i) revision of sub-decree on the establishment of Telecom Cambodia (TC) as a public enterprise, (ii) draft of the telecommunications law, (iii) appointment of TC board members, and (iv) transfer of the Government's financial responsibility for TC from MPTC to the Ministry of Economy and Finance.

[80] The establishment of regulatory principles includes seven tasks: (i) tariff regulation, (ii) interconnections and its tariffs, (iii) licensing and license fee, (iv) allocation of radio frequency spectrum and licenses, (v) corporate tax on telecommunications service providers and TC's payments of the National Treasury, (vi) numbering scheme, and (vii)draft implementing regulations. Capacity building of MPTC includes two tasks: (i) development of a telecommunication sector road map, and (ii) training of the policy unit staff. Capacity building of TC includes three tasks: (i) development of a business plan; (ii) training of management, administration, and accounting staff; and (iii) training of network operations and maintenance staffs.

GMS Information Superhighway (GMS – IS) project that grew out of a MoU from the ASEAN Telecommunication Summit September 2004. According to the report, the implementation of the fibre-optic system will be divided into two phases: for the first phase, Cambodia will roll-out an optical fibre network to Tonle Sap Lake to link the Cambodian telecommunications system with Viet Nam and Thailand though Poipet, Siem Reap, Kompong Thom, Phnom Penh and Svay Rieng. The second phase of the project will be the connection of the Cambodian telecomms network to the Laotian system through Kompong Cham, Kratie and Stung Treng.

## Donor Activity

A number of donors have been involved in the sector working on infrastructure development, policy development, HRD as well as localised application development. The UNDP 2006 'Situational Analysis of ICTD in Cambodia' contains a detailed summary.

The report also notes 'meetings with various donors during the study revealed some important trends in ICTD support.

- ICT has low priority and decreasing attention of many donors.
- Some donors view telecom sector as being too corrupted to support.
- Instead, many multilateral donors have adopted "mainstreaming" ICT in their practice areas rather than providing a specific focus on ICT.
- Some East and Southeast Asian countries have interest in Cambodia's infant ICT industry. This is perhaps because they have relative advantage in this area due to their similar development stage in the ICT sector and applicability of their technology, and also because they can support their own companies to promote their brands and products in Cambodia.'

In discussing the country's priority needs, the report concludes:
'Looking at the state of the country, only 15 years since the establishment of the new kingdom after 20 years of civil wars, development of ICT may probably be seen as one of the least priorities in the overall development strategy by national leaders and aid agencies…. [However] short/medium-term and long-term priority needs for the development of ICT sector in Cambodia are recognized as follows….

…. The top priority is the "Rehabilitation and Construction of Physical Infrastructure", as indicated in the Rectangular Strategy of Cambodia, with reducing the cost of telecommunications as an immediate priority. Next to infrastructure development is e-government, the use of ICT in all aspects of governance and the government. Those priority areas require capital-intensive projects, which many donors are reluctant to commit given low transparency and sustainability in the government. In terms of the growth of the Cambodian ICT sector in the long run, what Cambodia needs are the ICT projects that employ Cambodian nationals, be it civil servants, IT consultants, web designers, system engineers, hardware technicians, etc. It requires projects that generate income to these professionals, and more importantly, that give opportunities to learn, experience and experiment, even with mistakes, in developing, deploying and using ICT, regardless of theme of the projects. In the absence of such projects, there is no way that these professionals can be nurtured and continue to grow into a critical mass when economic and political conditions are ready for the ICT sector to take off. Even in developed countries, governments spend a lot on public ICT projects in order to develop the private sector in ICT.'

# Appendix 5: Interviewees

Interviews have been conducted with staff from the following organizations

| **Organisation** |
|---|
| IFC-MPDF |
| Online Cogetel Limited |
| GTZ |
| IFC-MPDF |
| for World Monument Fund * |
| Worldhotel-link.com** |
| Canby Publications |
| Absolute Travel (USA) * |
| Cambodia MPO for WHL*, ** |
| Asian Trails Ltd. |
| SilkRoad Cambodia |
| MoT |
| National ICT Development Agency (NiDA) |
| MoT |
| Bangkok Airways |
| IFC-MPDF |
| SNV |
| SCA* |
| MoT |
| Exotissimo Travel |
| (MoT) |
| World Monuments Fund* |
| CIST |
| Bopha Angkor Hotel * |
| MoT |
| IFC-MPDF |
| MoT |
| East West Travel |
| Wildlife Conservation Society |
| Heritage Watch |

* e-mail interview
** telephone interview

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