



Sustainable Tourism: Energy Efficiency in Siem Reap

Sustainable Tourism in Cambodia: Energy Efficiency

As domestic and international tourism grows, so does consumption of water and energy in tourist destinations. Although energy efficiency is a major area for improving sustainability, it is often a challenge to get small and medium-sized hotels and guest houses to see the benefits of investing their limited time and money in reducing energy costs.

In Cambodia, rapid growth in tourism is already putting considerable pressure on supplies of electricity and water. With Angkor Wat as the main attraction, Siem Reap will welcome almost a million visitors in 2006. The Mekong Private Sector Development Facility, a multi-donor initiative of the International Finance Corporation, has been working with the tourism sector in Cambodia since 2000 to assess and meet the needs of smaller hotels and guesthouses. One of the problems most often cited has been that of high energy costs. In Cambodia, electricity costs are around four times higher than the world average, and can often represent 40-50% of total operating costs. For this reason, saving energy has great potential to improve accommodation providers' bottom line.

The Opportunity - Energy Consumption in Hotels .

Researchers at the US Environmental Protection Agency have calculated that the cost savings associated with a 10% improvement in energy efficiency are equivalent to increasing average daily room rates by 62 cents for limited-service hotels, and \$1.35 for full-service hotels. Typically the majority of costs are for Heating, Ventilation, Air-Conditioning, and Lighting. So energy saving efforts usually begin with these areas where hotels can cut energy costs by 20 percent or more. Saving energy is often a much better cost reduction strategy for hotels than attempts to control labor costs.

Typical breakdown of energy costs

- ◆ HVAC 25–30%
- ◆ Lighting 18–22%
- ◆ Kitchen 10–15%
- ◆ Lobby 10–15%
- ◆ Elevators 2–4%
- ◆ Banquets 2–4%
- ◆ Others 10–25%

Conserving Electricity, Conserving the Planet

IFC-MPDF has found that smaller hotels and guest houses are often unaware of the substantial savings they can achieve on energy costs. In response, the Facility, together with Netherlands Senior Experts (PUM), the Paul Dubrule Hotel School and the Cambodia Hotel Association (CHA), organized a seminar on Energy Saving in August 2005.

This seminar, run by two experts from PUM, attracted 20 Siem Reap hotels and guesthouses. Over the course of two days, participants learned how to save energy in a number of ways and how to implement these. This was followed by half-day individual consultation sessions with 13 workshop participants that gave each hotel or guest house individually-tailored advice.



Reaping the Rewards: Bottom Line Impact

One of the workshop participants to see the benefits of saving energy is Damnak Chan Villa, a 14-room guesthouse that has been in operation since 2004. Most of its clients are international, with Europeans making up the bulk (50%), followed by Americans (15%) and Asians (15%).

Before implementing its energy-saving plan, the guest house spent an average of US\$600 a month on electricity for lamps, television, water heaters and air-conditioners. Huot Kanya, the General Manager, whose parents own the guesthouse, says electricity bills, which accounted for around 20% of total operating costs, were a growing concern.

After attending the seminar, Huot Kanya and his staff applied a number of simple but effective techniques discussed in the workshop, and started to bring down energy costs. First, they replaced the 40W light bulbs with energy saving ones (5W or 13W). These cost more than ordinary bulbs, but use up to four times less electricity than regular bulbs. A second initiative was starting to clean the guesthouse's 14 air-conditioners every three or four months. Regular cleaning helps air-conditioners to function better by getting rid of the dust that causes the equipment to work much harder and use much more electricity.

The guesthouse spent US\$300 on changing the light bulbs and around \$100 more per quarter to clean the air-conditioners. As a result of these improvements, Damnak Chan has cut its monthly electricity costs by one third, or US\$200 per month. Based on savings of \$2000 so far, the new bulbs and more frequent cleanings of the air-conditioners have more than paid for themselves. Whilst these numbers seem small, this is a great example to other small accommodation providers who think that only larger hotels can recover an investment in energy conservation.

Broadening the Energy Efficiency Effort

Based on successes such as those of Damnak Chan Villa, IFC-MPDF is now expanding its energy efficiency work as part of its broader Sustainability agenda. This includes partnering with the hotel associations in Cambodia and Lao PDR to raise awareness about the savings possible through cutting electricity and water consumption, and adding practical advice on how to save water and energy in upcoming *Business Edge* Sustainable Tourism training programs due to launch in June 2007.

As part of IFC-MPDF's *Stay Another Day* initiative, a project promoting sustainable tourism in Cambodia, Lao PDR and Vietnam, the Facility provides tips on energy saving practices at www.stayanotherday.org. It will also link to some broader "climate care"-related projects in partnership with Worldhotel-link.com, a company incubated as an IFC-MPDF project to help small and medium-sized accommodation providers in the Mekong region to market themselves and take bookings over the Internet. In March 2006, WHL spun off from IFC-MPDF and is now creating a worldwide network franchise websites in 33 countries and 55 destinations worldwide.

Worldhotel-link (WHL) is an online travel services network for the developing world. It offers an array of small and interesting accommodation and tours not found on other travel sites. Through a worldwide network of franchise operators in each destination, WHL offers local knowledge and contributes to local incomes. The WHL network also promotes "Caring for the Destination" - the first traveller-driven, sustainable tourism ratings designed with small accommodation providers in mind.

Damnak Chan Villa - http://www.angkorhotels.org/Damnak_Chan/hotel_welcome.php?108

www.mpdf.org

HANOI

3rd Floor, 63 Ly Thai To St.
Hoan Kiem Dist., Hanoi
Vietnam
Tel: +(84 4) 824 7892
Fax: +(84 4) 824 7898

HO CHI MINH CITY

3rd Floor, Somerset
Chancellor Court, 21-23
Nguyen Thi Minh Khai St.
Dist. 1, Ho Chi Minh City
Vietnam
Tel: +(84 8) 823 5266
Fax: +(84 8) 823 5271

PHNOM PENH

70, Norodom Blvd.
Sangkat Chey Chumnas
P.O. Box 1115
Phnom Penh, Cambodia
Tel: +(855 23) 210 922
Fax: +(855 23) 215 157

VIENTIANE

Nehru Road
Pathou Xay
P.O. Box 9690
Vientiane, Lao PDR
Tel: +(856 21) 450 017-9
Fax: +(856 21) 450 020