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**Working Paper**

## Achieving Bangladesh's tourism potential: Linkages to export diversification, employment generation and the "green economy"

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**World Trade Organization**  
Economic Research and Statistics Division

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**Achieving Bangladesh's Tourism Potential:  
*Linkages to export diversification, employment  
generation and the "green economy"***

Dale Honeck, WTO  
Md. Shoaib Akhtar, BFTI

*Manuscript date: 26 August, 2014*

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# **Achieving Bangladesh's Tourism Potential: Linkages to export diversification, employment generation and the "green economy"**

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## **Abstract:**

Bangladesh's international image is not as a popular tourism destination, and many people might be surprised to learn it has three World Heritage sites, including the Sundarbans tiger reserves. Moreover, it is part of important travel circuits for cultural and religious tourism, and has demonstrated potential for sports tourism.

The objective of this working paper is to critically test the assertion that pro-poor "green" tourism is one of the best development options for the majority of least developed countries (LDCs) -- a challenging task in Bangladesh in the face of the country's success as an exporter of readymade garments -- by comparing tourism to the available alternatives with regard to the crucial government priorities of export diversification, employment generation and the "green economy". It is well-known that Bangladesh is under strong pressure to diversify its exports, to generate new employment (especially in rural areas), and to respond to critical environmental issues. The government has identified over 30 "thrust sectors" (including tourism) to help address these challenges, but otherwise tourism is rarely mentioned as a major trade and development option for Bangladesh.

Within the limitations of data availability, this working paper reaches the conclusion that greater efforts to develop "green" tourism would be highly beneficial for facilitating rural development, environmental and cultural protection, gender equality, and export diversification in services. The most obvious current impediments are inadequate infrastructure, lack of investment and (typically election year) political conflict, but behind these factors appear to be a serious lack of stakeholder coordination, insufficient regulatory and administrative transparency and coherence, as well as some government reluctance to relinquish greater commercial autonomy in tourism to the private sector. This paper offers extensive analysis and some suggestions to help address the impediments, including the recommendation to create a Bangladesh Tourism Stakeholders Forum.

**Keywords:** Bangladesh, LDCs, Export Diversification, Spatial Diversification, Rural Development, Comparative Advantage, Employment Generation, Green Economy, Green Tourism, Pro-poor Tourism, Tourism Linkages, Cluster Analysis, Value Chain Analysis, Poverty Alleviation, MDGs, Gender Issues, FDI, GATS, Istanbul Programme of Action (IPoA), Rio+20.

**JEL Classifications:** F13, F18, F63, H54, H77, I38, J16, J21, J24, L52, L83, O14, O15, O19, O24, P45, Q26, Q54, Q56.

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# **ACHIEVING BANGLADESH'S TOURISM POTENTIAL: LINKAGES TO EXPORT DIVERSIFICATION, EMPLOYMENT GENERATION AND THE "GREEN ECONOMY"**

**Dale Honeck  
Md. Shoab Akhtar**

*"Over the past 40 years since independence, Bangladesh has increased its real per capita income by more than 130 percent, cut poverty rate by sixty percent, and is well set to achieve most of the millennium development goals."<sup>1</sup>*

## **1 INTRODUCTION: "IGNORING THE OBVIOUS"?**

### **1.1 Setting the Scene**

Bangladesh's international image is not as a popular tourism destination, and many people might be surprised to learn it has three World Heritage sites (p. 37), most notably the Sundarbans (India also has a Sundarbans World Heritage site) which includes the tiger reserves. Moreover, it is part of important travel circuits for cultural and religious tourism.<sup>2</sup> Even with this knowledge, however, most observers would probably not consider Bangladesh to have significant tourism potential, due to the prevailing stereotypes of the country as very poor, over-crowded, and suffering environmental disasters and political violence.<sup>3</sup>

The objective of this working paper is to critically test the assertion that pro-poor "green" tourism is one of the best development options for the majority of least developed countries (LDCs) -- a challenging task in Bangladesh in the face of the country's outstanding success as an exporter of readymade garments (RMG)<sup>4</sup> -- by comparing it to the realistic alternatives with regard to the crucial government priorities of export diversification, employment generation and the "green economy".<sup>5</sup>

It is well-known that Bangladesh is under strong pressure to diversify its exports [**Chart 1**], to generate new employment (especially in rural areas), and to respond to critical environmental challenges. The government has identified over 30 "thrust sectors" (including tourism) to help address these issues; nonetheless, tourism is rarely mentioned as a major economic option for Bangladesh. This working paper will attempt to address the following major issues:

- i. What is Bangladesh's actual tourism potential?
- ii. What are the potential effects of tourism on export diversification, employment generation and the "green economy"?
- iii. What will it require to achieve Bangladesh's tourism potential?
- iv. What is the current tourism situation?
- v. What are the biggest impediments to tourism in Bangladesh, and how can they best be addressed?
- vi. Can government investments in tourism be justified?

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<sup>1</sup> Government of The People's Republic of Bangladesh, Planning Commission, *Sixth Five Year Plan FY2011-FY2015*, July, 2011, p. 1 (available online, at <http://www.plancomm.gov.bd/sixth-five-year-plan/>).

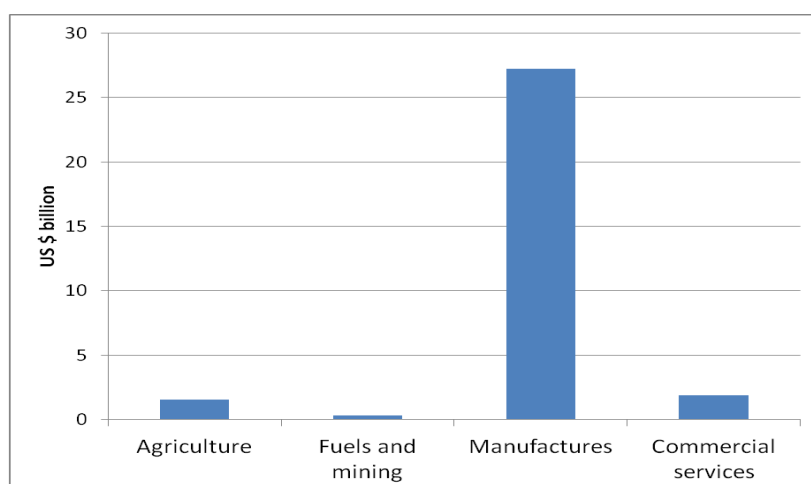
<sup>2</sup> See **Part 4.4** below, p. 40.

<sup>3</sup> Indeed, upon hearing of the intention to write this paper, a friend of one of the authors joked "Tourism in Bangladesh? It will be a very short paper!". Examples of the prevailing attitudes towards tourism in Bangladesh can be found in a recent Guardian article (including the comments) *How tourism is taking off in Bangladesh* (Vicky Baker, The Guardian, 5 July 2014 (available online, at <http://www.theguardian.com/travel/2014/jul/05/tourism-taking-off-in-bangladesh>).

<sup>4</sup> Of course, the recent tragedies of Rana Plaza and elsewhere must never be repeated.

<sup>5</sup> Regarding the methodology used in this working paper, see Honeck, *LDC Export Diversification, Employment Generation and the "Green Economy": What roles for tourism linkages?*, WTO Staff Working Paper ERSD-2012-24, 13 December, 2012 (available online, at [http://www.wto.org/english/res\\_e/reser\\_e/ersd201224\\_e.htm](http://www.wto.org/english/res_e/reser_e/ersd201224_e.htm)).

**Chart 1: Bangladesh's Exports, 2013**



Source: WTO estimates.

## 1.2 Vision 2021 and the 6th Five Year Plan

As highlighted in the country's current *Sixth Five Year Plan FY2011-FY2015*, Bangladesh has achieved major successes since independence, overcoming many impediments. Consequently, "The economy today is lot more flexible and resilient, as indicated by the ability to withstand the global financial crisis with minimum adverse effects". At the same time, the government acknowledges that serious challenges remain, notably poverty and inequality:

An estimated 47 million people are living below the poverty line with a significant proportion living in households which are female headed, in remote areas, and consisting of socially excluded and other vulnerable people. ***Most of the labour force is engaged in informal low productivity and low income jobs.***<sup>6</sup> {emphasis added}

To address these development challenges, the Government adopted the *Vision 2021* strategy, and the associated *Outline Perspective Plan of Bangladesh 2010-2021*,<sup>7</sup> which set highly ambitious development targets for Bangladesh. As stated in the *6th Five Year Plan*, "Those targets if achieved will transform socio-economic environment of Bangladesh from a low income economy to the first stages of a middle income economy."<sup>8</sup>

**[Table 1]** highlights Bangladesh's overall development goals, as found in the *Perspective Plan*, including sustainable and environmentally friendly development, as well as a favourable industrialization and trade policy regime. Under the *6th Five Year Plan*, development targets are divided into seven categories: A. Production, Income Generation and Poverty; B. Human Resource Development (Education, Health and Population); C. Water and Sanitation; D. Energy and Infrastructure; E. Gender Equality and Women Empowerment; F. Environment Sustainability; and G. ICT **[Annex I]**.

### Table 1: Broad Development Goals of Bangladesh, 2010-2021

"The broad development goals underlying the Perspective Plan include:

- building a secular tolerant liberal progressive democratic state
- promoting good governance and curbing corruption
- *promoting sustainable human development*

<sup>6</sup> Government of Bangladesh, *6th Five Year Plan*, as note 1 above, p. 1.

<sup>7</sup> Government of The People's Republic of Bangladesh, Planning Commission, *Outline Perspective Plan of Bangladesh 2010-2021, Making Vision 2021 A Reality*, June 2010 (available online, at <http://www.plancomm.gov.bd/perspective-plan/>).

<sup>8</sup> Government of Bangladesh, *6th Five Year Plan*, as note 1 above, p. 1.

- reducing the growth of population
  - instituting a prudent macroeconomic policy mix
  - *promoting a favourable industrialization and trade policy regime*
  - addressing globalization and regional cooperation challenges
  - ensuring adequate supply of electricity and fuel
  - achieving food security
  - *making available adequate infrastructure*
  - *pursuing environmental friendly development and*
  - *building a digital Bangladesh"*
- {emphasis added}

Source: Government of The People's Republic of Bangladesh, Planning Commission, *Sixth Five Year Plan FY2011-FY2015*, July, 2011, p. 20.

### 1.3 Bangladesh's "Thrust Sectors"

As stated in the *Outline Perspective Plan*, "Policy support and promotional initiatives will be put in place to realise emerging opportunities in new sectors identified as thrust sectors in the Industrial Policy 2010.<sup>9</sup> A total of 32 "Thrust Sectors" are listed in the *National Industrial Policy 2010*, including tourism [**Annex II**].<sup>10</sup> In addition, "National Industrial Policy- 2010 has considered the **SMEs as thrust sector** given the planned and balanced development of these labour-intensive industries as the engine of growth."<sup>11</sup> {emphasis added}

According to the *National Industrial Policy 2010*, "**Thrust sectors will include industries that require preferential policy support to harness their high growth potentials**. This may include industries that currently occupy a dominant position in the economy or industries which have high growth potentials but are currently non-existent or are in a nascent stage in the economy". The *National Industrial Policy* further states that "**The government will also determine specific policy support to be provided to these industries on the basis of the identification of constraints faced and past performances of the industries**."<sup>12</sup> {emphasis added}

With regard to achieving export diversification, Government policy measures for thrust sectors include providing venture capital, market linkages, technology support and other needs. For tourism specifically, the *National Industrial Policy 2010* emphasizes that the Government "will **actively support growing partnership among financing and training arms of the public-sector, private-sector and non-Governmental organizations to rapidly build investment and skill-base related to eco-tourism**."<sup>13</sup> {emphasis added}

<sup>9</sup> Government of Bangladesh, *Outline Perspective Plan*, as note 7 above, p. 38.

<sup>10</sup> Government of The People's Republic of Bangladesh, *National Industrial Policy 2010* (Bangla version), Ministry of Industries, Dhaka, Bangladesh, 2010, p. 41 (available online, at [http://www.moind.gov.bd/index.php?option=com\\_content&task=view&id=489&Itemid=524](http://www.moind.gov.bd/index.php?option=com_content&task=view&id=489&Itemid=524)). {Although an English version is available on the Ministry of Industries website, it is marked "Draft – Not for Circulation", and has apparently not been updated.} Tourism was also included as a Thrust Sector in the 2009 *Industrial Policy* (Government of Bangladesh, *Industrial Policy 2009*, Ministry of Industries, Dhaka, Bangladesh, 2008, p. 32).

<sup>11</sup> Government of Bangladesh, *National Industrial Policy 2010*, as note 10 above, p. 5. In addition, as noted on p. 27. "**Women entrepreneurs will be given preference in service industries such as ICT, laundry, tourism and service**, beauty parlour, advertising firm including fisheries, agriculture and handicrafts and livestock and food processing industries", as well as "**Women entrepreneurs will be encouraged to participate in a greater scale in setting up and running thrust sector industries**". {emphasis added}

<sup>12</sup> Government of Bangladesh, *National Industrial Policy 2010*, as note 10 above, p. 13. The 6th *Five Year Plan*, p. 107 also states "On the basis of past performance and some notion of future potential, the Government has prepared a list of thrust manufacturing sectors which will deserve priority in assigning favorable treatment with regard to taxes, subsidies, credit facilities, land allotments, foreign exchange allocations, and the like".

<sup>13</sup> Government of Bangladesh, *National Industrial Policy 2010*, as note 10 above, pp. 10, 29.

## 1.4 Current Tourism Situation

As highlighted in the *Sixth Five Year Plan FY2011-FY2015*, "Tourism brings significant benefit to the balance of payments and general economy of the country by augmenting foreign exchange earnings and other economic activities". At the same time, however, the 6th *Plan* is also highly critical of the lack of tourism progress to date:

***In Bangladesh the situation is deplorable. Not much of tourism facilities have been developed***, particularly for the foreign tourists. As a result, contribution of tourism industry to national income and GDP is negligible or insignificant.<sup>14</sup> **{emphasis added}**

Indeed, in comparison with many LDCs, and with most other countries of South Asia, Bangladesh has been lagging well behind in both visitor numbers and tourism revenues [Table 2]. As also noted in the 6<sup>th</sup> *Five Year Plan*, main barriers include such fundamental aspects as the lack of adequate infrastructure, funding and human resources [Table 3].<sup>15</sup> Emphasizing that "Bangladesh has huge potential in tourism", the 6th *Five Year Plan* sets wide-ranging "Goals, objectives and targets" for tourism [Annex III], without, however, establishing specific mechanisms for implementation.<sup>16</sup>

**Table 2: Leading LDC Tourism Exporters, 2012<sup>a</sup>**

Country	International tourism receipts (US\$, million)
Cambodia	1,800
Tanzania	1,564
Uganda	1,084
Yemen	783 <sup>b</sup>
Ethiopia	763 <sup>b</sup>
Angola	647 <sup>b</sup>
Lao P.D.R.	506
Senegal	484 <sup>b</sup>
Nepal	352
Madagascar	321 <sup>c</sup>
(Bangladesh)	(110)

<sup>a</sup> Estimated. <sup>b</sup> 2011. <sup>c</sup> 2010.

Source: World Tourism Organization, *UNWTO Tourism Highlights*, 2013 Edition.

**Table 3: Main Barriers for Tourism Development of Bangladesh**

- Inadequate allocation of fund in national budget;
- Inadequate infrastructure facilities;
- Lack of modern and adequate recreation & tourist facilities;
- Negative image of the country abroad;
- Lack of human resources in the tourism sector;
- Visa problems;
- Lack of foreign direct investment;

Source: Government of The People's Republic of Bangladesh, Planning Commission, *Sixth Five Year Plan FY2011-FY2015*, July, 2011 (Part II), pp. 201-202.

<sup>14</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, p. 200. The 6th *Plan* further notes "In recent years, the government of Bangladesh has started actively considering development of this industry to attract foreign and domestic tourists. If tourist facilities and related infrastructure could be created the flow of tourist would be increased".

<sup>15</sup> Each of these barriers is analysed below in **Part 4.3**. Other major factors mentioned include lack of proper planning, as well as the law and order situation. Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, pp. 201-202.

<sup>16</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, pp. 201-202.



Bangladesh's current tourism policy is contained in the *National Tourism Policy 2010*, which emphasizes that "In order to get more foreign tourists we need to develop infrastructure and other touristic facilities through local and foreign investment[,] and integrated cooperation between government and private sector is a must".<sup>17</sup> Major aims and objectives of the *National Tourism Policy 2010* include preparing national, regional and zonal master plans to develop the tourism industry; ensuring tourism's contribution to poverty alleviation; and ensuring private sector participation in tourism development [**Annex IV**]. Although multiple references have been made by government officials to the *National Tourism Policy-2010* in international presentations, the document does not seem to be publicly available in English.<sup>18</sup> As highlighted in a recent journal article, "This uneasy access of the National Tourism Policy in other languages and particularly in English is creating ground for a conflict between international and local experts".<sup>19</sup>

## Tourism Vision 2020

In parallel with the UNWTO publication *World Tourism 2020 Vision*,<sup>20</sup> the Bangladesh Parajatan Corporation (BPC) -- a subsidiary body of the Ministry of Civil Aviation and Tourism -- in 2004 produced *Bangladesh Tourism Vision 2020* (followed by a revised version in 2006).<sup>21</sup> As observed in the foreword to *Tourism Vision 2020*, "Despite enormous potentials, the tourism industry of Bangladesh still strives to reach a satisfactory level".<sup>22</sup>

*Bangladesh Tourism Vision 2020* includes a critical review of previous tourism plans and policies, together with a listing of steps, plans and programmes to achieve an estimated potential 1.3 million visitors by 2020, rather than the 0.5 million visitors predicted by UNWTO forecasted visitor trends. As noted by some observers, however, the *Tourism Vision 2020* itself does not include enough specific details with regards to timeframes, financing, etc.<sup>23</sup> More importantly, there appear to be few indications that the *Tourism Vision 2020* is currently being implemented (see **Part 5**).

### 1.5 Effects of Political Violence

Together with natural disasters and poverty, Bangladesh's international image has been associated with political turmoil, as typified by the hartals [**Box 1**], which have negatively affected tourism, including domestic tourism, together with large segments of the economy and society.

November-March is considered tourism's peak season in Bangladesh. The 2012-13 season was not a good year for this sector, due to political turmoil, and businesses incurred losses even during the peak season. The 2013-14 season has been even worse. As highlighted in the media; "The resorts and hotels are facing trouble. About 250 to 300 hotels in Cox's Bazar, Rangamati and Kuakata are without guests".<sup>24</sup> 2001, 2007 and 2012 were challenging years for Bangladesh's tourism sector, but 2013 proved the most destructive. A month-long blockade in December 2013 meant no tourists in many destinations the entire month. Hartals and blockades throughout the year have paralyzed nearly every dimension of tourism for significant periods. Many countries

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<sup>17</sup> Government of the People's Republic of Bangladesh, Ministry of Civil Aviation and Tourism (MoCAT), *National Tourism Policy 2010* (Bangla version), 2010, p. 2. The *National Tourism Policy 2010* (p. 3) further states that "Main aim and objective of the tourism policy is to establish tourism industry as one of the developing and sustainable sectors through generating employment, socio-economic development by involving local people with local government organizations, maintain ecological balance and protect bio-diversity".

<sup>18</sup> See, for example, a reference by the CEO of the Bangladesh Tourism Board (Akhtaruz Zaman Khan kabir, *Global Sustainable Tourism Criteria, Perspective Bangladesh*, PowerPoint presentation (available online, at [http://dtxqt4w60xqpw.cloudfront.net/sites/all/files/pdf/bangladesh\\_0.pdf](http://dtxqt4w60xqpw.cloudfront.net/sites/all/files/pdf/bangladesh_0.pdf)). A link to the Bangla version can be found on the website of the Ministry of Finance (Government of the People's Republic of Bangladesh, Ministry of Finance, Economic Relations Division, website, *Policies and Strategies of the Government*. Accessed at <http://www.erd.gov.bd/index.php/19-policy/24-policies-strategies> on 22 July 2014).

<sup>19</sup> Azizul Hassan & Peter Burns, *Tourism Policies of Bangladesh—A Contextual Analysis*, Tourism Planning & Development, 2014, p. 2.

<sup>20</sup> UNWTO, *World Tourism 2020 Vision*, Volume 6 – South Asia, Madrid, 1999.

<sup>21</sup> Government of the People's Republic of Bangladesh, Bangladesh Parajatan Corporation (BPC), *Bangladesh Tourism Vision 2020*, Edited by Dr. M. Mahbubur Rahman Morshed, 2006.

<sup>22</sup> Government of Bangladesh, BPC, *Bangladesh Tourism Vision 2020*, as note 21 above, p. vii.

<sup>23</sup> Md. Shoaib Akhtar, Dr. Mojib U Ahmed, Mohammad Farhad, Samina Ali, *Tourism Bangladesh: Opportunities and Challenges*, Dhaka, October 2013, p. 2.

<sup>24</sup> Hossain, A., *Turmoil takes a toll on tourism*, bdnews24.com, website, 3 December 2013. Accessed at <http://bdnews24.com/business/2013/12/02/turmoil-takes-a-toll-on-tourism> on 22 July 2014.

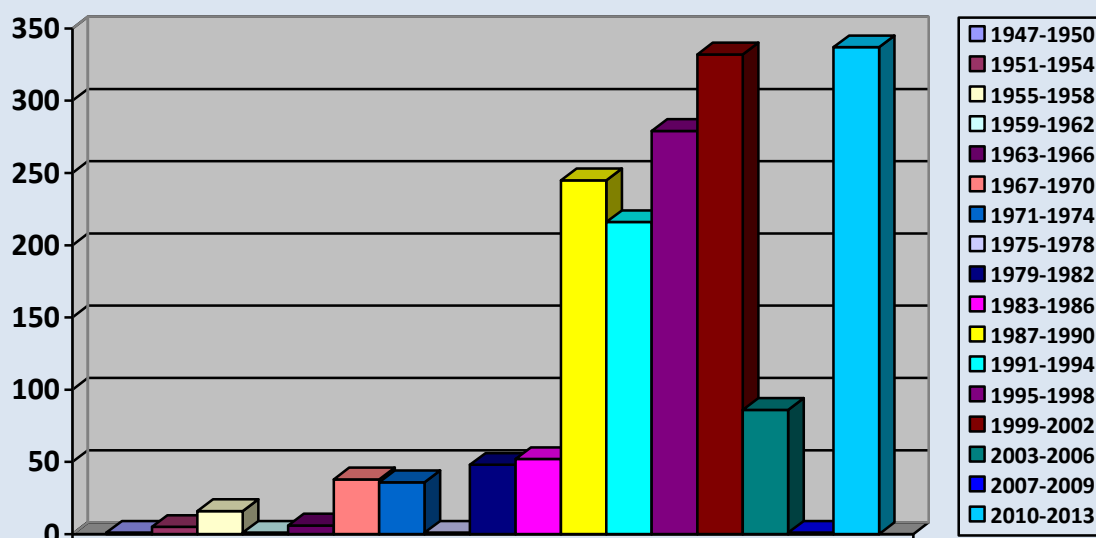
have issued travel warnings to their citizens, resulting in international tourists cancelling their bookings and shifting to alternative destinations.

### Box 1: Hartals in Bangladesh

There have been more than 1700 hartals<sup>a</sup> from the independence of Bangladesh in 1971 until 2013<sup>b</sup>, with nationwide hartals totaling 459 days. They have become more frequent in recent decades (Chart). Under democratic governments (1991-2013), the average number of hartals has been significantly higher (46 days per year).<sup>c</sup> 2,238 people have died in political hartals in the last 15 years.

Prior to all three national elections that took place in the last 22 years, Bangladesh experienced a series of hartals, strike and blockades. Hartals were more frequent in the fifth year of successive democratic regimes (FY 1996, FY 2002, FY 2007). 827 hartals took place between 1991 and 2002,<sup>d</sup> and more than 420 hartals took place between 2003 and 2013. Local hartals are much more frequent than regional or nationwide ones. Sometimes political parties have declared consecutive hartals, strikes or blockades.<sup>e</sup> In December 2013, almost all the weekdays saw blockades.

**Number of Hartals**



<sup>a</sup>A mass protest often involving a total shutdown of workplaces, offices, shops, courts of law as a form of civil disobedience.

<sup>b</sup>Daily Prothom Alo, *Average Hartal 46 Days* (Bangla version), 22 December 2013 (available online, at <http://www.prothom-alo.com/bangladesh/article/65737>).

<sup>c</sup>Center for Policy Dialogue, Bhattacharya, D. et al., *Bangladesh 2013: Assessing Economic Implications of the Present Political Shocks*, 13 April 2013, Dhaka, Bangladesh.

<sup>d</sup>United Nations Development Program (UNDP) Bangladesh, Brokner, C. et al., *Beyond Hartals Towards Democratic Dialogues in Bangladesh*, Dhaka, March 2005.

<sup>e</sup>The Awami League in Bangladesh declared 39 consecutive hartals in 1996. The Bangladesh National Party (BNP) declared consecutive blockades in December 2013.

Source: Authors.

## 1.6 Chapter Summaries

Taking export diversification, employment generation and the "green economy" in turn, the paper analyzes feasible alternatives for Bangladesh, reaching the conclusion (within the limits of data availability) that -- in contrast with the current overemphasis on manufacturing and agriculture --

"green" tourism is demonstrably one of the areas of current comparative advantage and significant development potential, via its extensive upstream and downstream linkages, employment-generating and poverty alleviation capacities, opportunities for export "test marketing" of new products, sustainability, and largely untapped export opportunities.

**Part 2** of this paper carefully examines Bangladesh's options for export diversification, including: linkages with growth and competitiveness; which options are best for export diversification?; infrastructure, investment and domestic regulation; and export diversification via tourism. **Part 3** focuses on employment issues, specifically: the massive employment problem (as found in most LDCs); poverty alleviation via employment generation; which export options are best for employment?; and tourism as "decent work"? **Part 4** examines Bangladesh and the "Green Economy", including: what are the best options for Bangladesh?; adapting to the effects of climate change; what role for trade policies and the WTO?; and how viable is "green" tourism for Bangladesh?

**Part 5** is on maximizing Bangladesh's tourism linkages: how can overall tourism linkages be better defined and measured?; tourism cluster and value chain analyses; growing both tourism markets and tourism linkages; and maximizing employment and poverty alleviation. **Part 6** concludes, while summarizing the main elements of the paper with regard to the evident lack of adequate transparency and policy coordination; whether there is need for a Bangladesh Tourism Stakeholders Forum; and why pro-poor "green" tourism actually matters for Bangladesh.

## 2 BANGLADESH AND EXPORT DIVERSIFICATION

"Rapid economic growth, its composition, and absorption of labour in high productivity, high income jobs are inter-linked."<sup>25</sup>

"[T]he existing policy anomalies have to be removed and supportive steps for diversification of exports will be undertaken during the Sixth Plan period."<sup>26</sup>

### 2.1 Linkages with Growth and Competitiveness

The Government of Bangladesh is acutely aware of the need for export diversification [Chart 1 (p. 5)]. As stated in the 6th *Five Year Plan*, "Though some new items have been added to the export basket the country's export base remains narrow and undiversified. Without export diversification Bangladesh may be exposed to negative export shocks".<sup>27</sup>

As highlighted in the *Outline Perspective Plan of Bangladesh 2010-2021*, "Addressing globalization and regional cooperation challenges are important for Bangladesh to sustain increases in the quality of life through productivity and income growth". After mentioning the need for a prudent macroeconomic policy framework, the *Perspective Plan* continues by stating:

... ensuring the availability of, and access to, appropriate financial services and entrepreneurship in agriculture, industry and services; promoting international relations, regional and sub-regional cooperation, and trade; and **expanding tourism are among the areas where facilitating policies will create new opportunities and promote innovation.**<sup>28</sup> {emphasis added}

As further highlighted in 6th *Five Year Plan*, "The key is to produce competitively products in which Bangladesh has comparative advantage and formulate strategies to open export markets."<sup>29</sup> Consequently, Bangladesh's export diversification strategy is, in principle, highly diverse and wide-ranging:

...in the context of the Sixth Plan, **the strategy of export diversification will not be limited to product diversification in the export basket. Rather, the strategy will embrace many different facets**, each of which addresses the vulnerability aspect of export concentration, as summarized below {Box 2}.<sup>30</sup> {emphasis added}

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<sup>25</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 3.

<sup>26</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, p. 56. The *Plan* further notes "With over two million jobs and 77% of export earnings from the RMG sector, too much of the nation's fortune is riding on this one sector. Export concentration in readymade garments makes the economy, jobs and income, extremely vulnerable to external shocks arising from changes in global demand for RMG. **The government's focus on export diversification as a cornerstone of its export policy will continue and intensify during the Sixth Plan period**" (p. 62). {emphasis added}

<sup>27</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, p. 56. The WTO's Trade Policy Review also concurs, noting that "**Although the outlook appears optimistic, both RMG exports and remittances are vulnerable to shocks:** external demand with garments, domestic labour unrest, and changes in market access; and remittances from changes in labour regulations and policies, or shocks in Kuwait or Saudi Arabia, which absorb over half the migrant Bangladeshi population" {emphasis added} (WTO, Trade Policy Review, *Bangladesh*, Report by the Secretariat, WTO document WT/TPR/S/270, 10 September 2012, p. xi.)

<sup>28</sup> Government of Bangladesh, *Outline Perspective Plan of Bangladesh*, as note 7 above, p. 10. "The Perspective Plan envisages a far more dynamic industrial sector, creating an **export environment that is broad-based, skills-intensive, and competitive.**" {emphasis added}

<sup>29</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 61. In this regard, it should perhaps be noted that tourism is already among the most open of export markets (see, for example, Honeck, *LDC Export Diversification*, as note 5 above).

<sup>30</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, pp. 62-63.

## Box 2: Reducing Anti-diversification Bias

### **"Strategy of export diversification:**

- Product diversification – introducing range of new products in the export basket.
  - Geographical diversification – widening the range of destination markets for exports.
  - Quality diversification – upgrading the value of existing products, i.e. moving up market from low end to high end products (described as moving up the value chain).
  - **Goods-to-services diversification – seeking opportunities to expand non-merchandise exports**
  - Intermediate goods diversification – product diversification need not imply adding only final consumer goods in the export basket – as is popularly understood in Bangladesh. There are global opportunities for plugging into the supply chain of export powerhouses like China, something that East Asian economies have done successfully. That requires Bangladesh to diversify its manufacturing base into backward linkage industries producing a wide range of intermediate goods for exports within the globalized production chain.
- {•} **Finally, it is critical that the trade policy regime is geared to ensure export competitiveness in general while facilitating emergence and expansion of new export products."**  
"... because of the stellar success of RMG exports, trade policy and incentive regime have a clear focus on this sector which is provided a free trade channel plus logistic support (duty free import of inputs, bonded warehousing facilities, back-to-back LC, rapid custom clearance). While such a policy is appropriate for making RMG exports competitive on a global scale, **attention needs to be focused on similar policy environment for emerging and potential exports** without which they face formidable barriers in the context of a high-tariff and restrictive import regime in Bangladesh."

Source: Government of The People's Republic of Bangladesh, Planning Commission, *Sixth Five Year Plan FY2011-FY2015*, July, 2011, Part II, pp. 62-63. {emphasis added}

Considering Bangladesh's international image as a major textile exporter, the share of trade in GDP is still relatively low, although rising. According to WTO's *Trade Profiles*, for example, trade per capita (2010-2012) was US\$ 380, and the trade to GDP ratio was 53.1 per cent. Bangladesh ranked 68<sup>th</sup> in 2012 in terms of world merchandise exports, but only 115<sup>th</sup> in terms of exports of commercial services.<sup>31</sup> By comparison, for India the figures for trade per capita and trade to GDP ratio were US\$ 754 and 50.9 per cent, respectively, for Pakistan US\$ 407 and 34.8 per cent, for Sri Lanka US\$ 1,573 and 57.9 per cent, and for Bhutan, US\$ 2,503 and 105.4 per cent.

## 2.2 Which Options are Best for Export Diversification?

At first glance, Bangladesh's best options for export diversification would obviously be the 32 thrust sectors listed in [Annex II]. Some caution should probably be raised, however, as the sole criteria for selection, as noted in Part 1 on p. 6, appears to be these sectors' "high growth potential", rather than the government's broader development goals as listed in [Table 1 (p. 5)]. In addition, not all 32 thrust sectors (including SME aspects as also noted in Part 1.3) are apparently regarded by the government as priority sectors for exports. As stated in the 6<sup>th</sup> Five Year Plan:

**To promote export diversification, the Government in its export policy has adopted a strategy of according the highest priority to several emerging exports that demonstrate high potential:** 1) Agro-products and agro-processing products; 2) Light engineering products (including auto-parts and

<sup>31</sup> WTO, *Trade Profiles 2013*, WTO: Geneva, 2013, p. 20.

bicycles); 3) Footwear and leather products; 4) Pharmaceutical products; 5) Software and ICT products; 6) Home textile; 7) Ocean-going Ship Building Industries; and 8) Toiletry Products.<sup>32</sup> **{emphasis added}**

With regard to the sectors receiving cash incentives for export promotion, the selection is again different [Table 4]. Regrettably, no explicit criteria appear to have been given for either sectors chosen as export priorities or the allocation of cash incentives.<sup>33</sup> It would appear essential that a transparent and more inclusive set of criteria should be specified by Bangladesh in selecting sectors for export promotion and cash incentives: for example, spatial diversification away from major urban areas, women and youth employment, level of value-added, and environmental protection.

**Table 4: Export Promotion Cash Incentives, Bangladesh**

(% of assessed FOB export value)	FY 2011/12	FY 2012/13	FY 2013/14
Agricultural and Agro processed goods	20%	20%	20%
Home Textiles	5%	5%	5%
All textiles (incl. home textiles) exploring new markets (exc. Canada, US and EU)	2%	2%	2%
Jute goods	10%	10%	10%
Shrimp and other fishery products	10%	10%	7.5%
Ships	5%	5%	5%
Light engineering products	10%	10%	10%
Leather products	12.5%	15%	15%
Finished leather	4%	0%	0%
Crust leather	3%	0%	0%
Poultry	15%	0%	0%
Bicycles	15%	0%	0%

Source: Compiled from Bangladesh Bank circulars. (Table originally found in World Bank, {draft} *Bangladesh Diagnostic Trade Integration Study*, 2013, p. 47).

With regard to manufactured exports, concerns are expressed in the *Outline Perspective Plan* over skill levels and value-added, observing that "Manufactured goods make up a very large proportion of total exports – about 90 per cent – but with a very narrow, low skill and low value addition export base with heavy concentration on ready-made garments, both woven and knitted.<sup>34</sup> Concerns are also expressed in the 6th *Five Year Plan* over the employment impacts of manufacturing:

Bangladesh has made progress in specializing in labor-intensive manufacturing (e.g. RMG and footwear) where its comparative advantage lies. Yet the employment impacts so far fall short of expectations. **The ability of the manufacturing sector to create jobs has been sharply weaker than its growth and export performance.**<sup>35</sup> **{emphasis added}**

<sup>32</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, p. 52. However, according to the *Export Policy 2012-15* published by the Ministry of Commerce (currently available only in Bangla), Tourism Industry has been newly added to the list of highest priority sectors (Government of Bangladesh, Ministry of Commerce, *Export Policy 2012-15* (Bangla version), Dhaka, {2012?}). It was not included in the previous *Export Policy 2009-12* (Government of the People's Republic of Bangladesh, Ministry of Commerce, *Export Policy 2009-12*, Dhaka, {2009?}).

<sup>33</sup> According to information received by the authors, the Export Promotion Bureau does consider such criteria as expansion capacity of the product/sector, amount of value addition, and contribution in local employment generation, but there are no explicit checklists to measure eligibility for cash incentives.

<sup>34</sup> Government of Bangladesh, *Outline Perspective Plan of Bangladesh*, as note 7 above, p. 39. The *Outline Perspective Plan* further states, "As well as commodity concentration of exports, Bangladesh has market concentration: the combined shares of the EU and the NAFTA in Bangladesh's total exports have remained unchanged at around 86 per cent in recent years".

<sup>35</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, p. 52.

Even the inclusion of agro-products for export promotion and cash incentives may be an area of some concern, considering that as also noted in the 6th *Five Year Plan*:

Low income elasticity of basic food items, land constraint and difficulties of penetrating the world agricultural export markets limit the ability of agriculture to grow at the same pace as manufacturing or services. **Presently, the average labour productivity and income in agriculture are also low.**<sup>36</sup> {emphasis added}

Consequently, a broader perspective in terms of criteria for potential export sectors is evidently advisable. From the authors' viewpoint, this would include a closer look at SMEs and services in general (including "green" tourism), together with evaluating prospects for generating employment and achieving higher levels of value-added (although, at least in the short term, there may be some conflicts between raising value-added and increasing employment).<sup>37</sup> As shown in [Box 2 (p. 12)], there is an evident need to reduce Bangladesh's "anti-diversification bias". This would involve an incentives regime [Table 5] that is more neutral, thereby reducing attempts at "picking winners".<sup>38</sup>

### Table 5: Benefits and Facilities to be provided to the Highest Priority Sectors

- \* Project loans at reduced interest rates on a priority basis;
- \* Income Tax exemptions;
- \* Possible financial benefits or subsidies consistent with WTO Agreement on Agriculture, and Agreement on Subsidies and Countervailing Measures, including concessionary rates for utility services such as electricity, water and gas;
- \* Export loans with soft terms and at reduced interest rates;
- \* Air transport facilities at concessionary rates ;
- \* Duty draw-back/ bond facilities;
- \* Facilities for setting up of backward linkage industries including infrastructural development so as to reduce cost of production ;
- \* Expansion of institutional and technical facilities to improve and control quality of products;
- \* Assistance in production and marketing;
- \* Assistance in searching for foreign market; and
- \* Necessary initiatives to attract foreign investments.

Source: Government of The People's Republic of Bangladesh, Ministry of Commerce, *Export Policy 2009-12*, para 3.6.

## 2.3 Infrastructure, Investment and Domestic Regulation

### Infrastructure

*Making available adequate infrastructure* is among the most important of the broad development goals underlying the *Outline Perspective Plan* [Table 1 (p. 5)].<sup>39</sup> This is well-reflected in the targets of the 6th *Five Year Plan*, including targets 19 and 20 on increasing electricity generation and coverage, as well as targets 29 and 30 on expanding teledensity and broadband coverage [Annex I]. Overall, the lack of adequate infrastructure is one of the biggest obstacles to Bangladesh's efforts to achieve middle income economy status:

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<sup>36</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 3.

<sup>37</sup> Obviously this would require high levels of analytical skills, most likely including extensive academic-level research.

<sup>38</sup> See, for example, Honeck, *LDC Export Diversification*, as note 5 above. *As noted by the 6th Five Year Plan*, "History has shown that neither RMG nor shipbuilding was expected to become high achievers but they did" (Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, p. 107).

<sup>39</sup> *Energy and Infrastructure*, as noted above, is also one of the seven main categories of development targets under the 6th *Five Year Plan*.

Congested roads, unreliable electricity, poor transport access for remote areas, lack of a deep sea port are all serious challenges. It is central to the Five-Year Plan and the longer-term Vision 2021 that better infrastructure is required to support a more productive and competitive economy.<sup>40</sup>

With regard to access to electricity, Bangladesh ranks as the absolute worst among the 189 countries in the *Getting Electricity* category of the World Bank's *Doing Business 2014* index, requiring an average time of 404 days, at a cost of 4,483 per cent of income per capita.<sup>41</sup> As also highlighted in the 6th *Five Year Plan* Part II, "One of the main constraints in the manufacturing sector is the persistent under utilization of capacity due to power scarcity", with firms on average using only 80 per cent of their capacity. Even worse, SMEs and other thrust sectors are among the worst affected:

... industries with less access to investment resources are the hardest hit due to their dependency on electricity, including textile, leather and light engineering. Moreover generators represent a significant investment of a firm's book value. Therefore SME's are the hardest hit. Continuous power shortages already cost the economy two percentage points of national growth.<sup>42</sup>

For tourism, *Inadequate infrastructure facilities* is one of the main barriers to the sector's development in Bangladesh, as noted in [Table 3 (p. 7)]. **Annex III, Tourism Goals, Objectives and Targets in the 6th Five Year Plan**, includes "To establish tourism infra-structure through public-private partnership investment" under the heading of Development Strategies and Policies. As noted in the **Introduction**, the 2010 *National Tourism Policy* emphasizes that "In order to get more foreign tourists we need to develop infrastructure and other touristic facilities through local and foreign investment". Other tourism infrastructure references include "Construct roads to boost up tourism industry in the country" and "Improve road access to the places of historical interest", as found in Part II of the 6th *Five Year Plan*.<sup>43</sup> Unfortunately, progress in achieving Bangladesh's tourism infrastructure development objectives does not seem to be extensively monitored or reported.<sup>44</sup>

## Investment

As also highlighted in the 6th *Five Year Plan*, the government is well aware of Bangladesh's crucial need for greater investment, stating that "Acceleration of the growth rate will require a substantial increase in the rate of investment", from 24.4 percent of GDP to 32.5 percent by the end of the plan period, with much of the investment needed for reducing and eventually eliminate infrastructure constraints.<sup>45</sup> A major aspect of addressing Bangladesh's infrastructure constraints will be expanded roles for the private sector:

***Over the years the infrastructure gap has been widening and has become a binding constraint by choking Bangladesh's economic growth potential.***

It has also become clear that the past practice of relying solely on the Annual Development Program (ADP) for providing the required infrastructure must give way to the adoption of Public Private Partnership arrangements in delivering large infrastructure projects.<sup>46</sup> **{emphasis added}**

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<sup>40</sup> UNCTAD, *Investment Policy Review, Bangladesh*, United Nations, New York and Geneva, 2013, p. 4.

<sup>41</sup> World Bank, website, *Ease of Doing Business, Bangladesh - Getting Electricity*. Accessed at <http://www.doingbusiness.org/data/exploreeconomies/bangladesh/#getting-electricity> on 22 July 2014.

<sup>42</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 56.

<sup>43</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, p. 166. Again, however, there do not seem to be any specific mechanisms indicated for implementation.

<sup>44</sup> See, for example, Government of Bangladesh, Ministry of Civil Aviation and Tourism (MoCAT), website, *Achievements and Major Development Activities from 2009 to 2013*. Accessed at [http://www.mocat.gov.bd/achievements\\_activities.php](http://www.mocat.gov.bd/achievements_activities.php) on 28 July 2014.

<sup>45</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 2. With regard to FDI, the 6th *Five Year Plan* (p. 53) also recognizes the importance of opportunities for technology transfer, stating "the experience of the RMG sector clearly demonstrates the importance of diffusion of technology through partnership with foreign investors".

<sup>46</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 80. As noted on the Ministry of Finance website, ADP utilization levels vary widely between both sectors and ministries (Government of



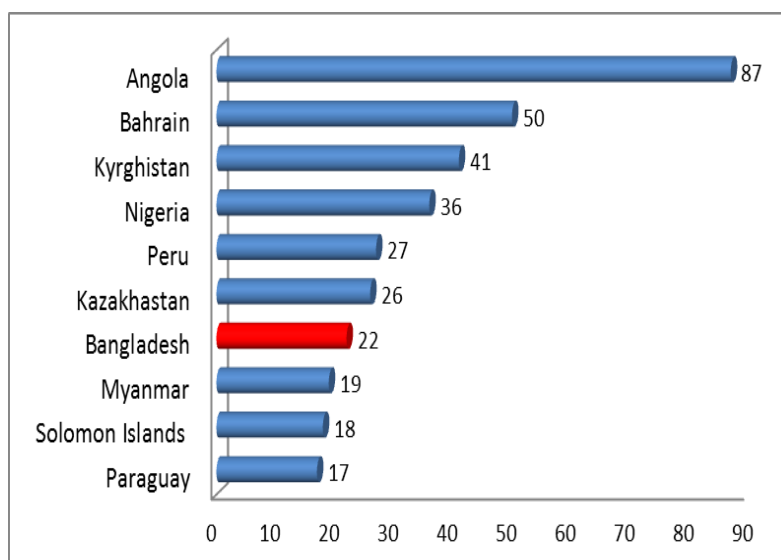
The 6th *Five Year Plan* states that strong Public Private Partnerships (PPP) "can play a catalytic role in mobilizing additional resources as well as creating additional capacity and help for implementing public programs", further emphasizing that "The Government is keen to encourage private investments in energy and power, roads, waterways, railways, ports, water and sanitation, telecommunications/ICT, housing and **tourism**".<sup>47</sup> **{emphasis added}** At the same time, as recognized in the *Outline Perspective Plan*,:

The main problem for both FDI and local investment is low investor confidence, a weak property rights regime, weak infrastructure, lack of gas and electricity, poor governance, and high transaction costs.<sup>48</sup>

While from initial appearances Bangladesh is very encouraging of FDI [**Chart 2**] -- with a very high ranking of 22 among the 189 countries in the *Protecting Investors* category of the World Bank's *Doing Business 2014* index<sup>49</sup> -- and has put the necessary legal and administrative structures in place to maximize investment opportunities, the reality is significantly more complex. As noted in the UNCTAD *Investment Policy Review (IPR)* of Bangladesh, "So far, FDI attraction has been dismal even by the standards of LDCs".<sup>50</sup> In addition to the infrastructure issues, the IPR states that:

This Review suggests that answers for underperformance can also be found in closer examination of the FDI entry regime, the general regime of regulations and operating conditions for business, and priority given to promotion of foreign investment.<sup>51</sup>

**Chart 2: Economies with Highest Inward FDI Rates of Return, 2011 (%)**



Source: UNCTAD, *World Investment Report 2013*, p. 33.

Bangladesh, Ministry of Finance, Economic Relations Division, websites, *RADP-ADP Sectorwise*, and *RADP-ADP Ministrywise*. Accessed at <http://www.erd.gov.bd/index.php/reports/adp-allocation/radp> and <http://www.erd.gov.bd/index.php/reports/adp-allocation/adp>, respectively, on 1 August 2014).

<sup>47</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 33.

<sup>48</sup> Government of Bangladesh, *Outline Perspective Plan*, as note 7 above, p. 43. Nonetheless, according to UNCTAD, Bangladesh had the 7<sup>th</sup> highest inward rate of return in 2011, at 22% (United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 2013*, United Nations, 2013, p. 33).

<sup>49</sup> World Bank, website, *Ease of Doing Business, Bangladesh*. Accessed at <http://www.doingbusiness.org/data/exploreconomies/bangladesh> on 22 July 2014.

<sup>50</sup> "Inward FDI volumes in relation to population and ratio to GDP are consistently 80 per cent less than the average for all LDCs and on these metrics 50 per cent below inflows to other populous low-income countries such as India and Indonesia." UNCTAD, *Investment Policy Review, Bangladesh*, as note 40 above, p.1.

<sup>51</sup> UNCTAD, *Investment Policy Review, Bangladesh*, as note 40 above, p. 1.

## Tourism investment

With regard to tourism investment specifically, the 6th *Five Year Plan* (Part II) states that "Development of tourism: Private investment will be encouraged to develop sustainable tourist facilities in Rangamati, Bandarban, Khagrachari, Cox's Bazar, Sylhet and Kuakata (Patuakhali)".<sup>52</sup> In terms of implementation, however, the situation is much less clear: a visit to the website of the Board of Investment (BOI), for example, shows that tourism is not listed among the "Potential Sectors" suggested by BOI for investment.<sup>53</sup> Similarly, there is no mention of tourism investment opportunities on the websites of the Ministry of Civil Aviation and Tourism (MoCAT) or the Bangladesh Parjatan Corporation (BPC).<sup>54</sup>

As stated in the *National Industrial Policy 2010*, with regard to tax holidays and accelerated depreciation, "Initiatives will be taken to expand/update the list of (a) Industry (b) Infrastructure and (c) **Tourism industry projects/subsectors entitled to enjoy the tax holiday** under the Income tax ordinance, 1984".<sup>55</sup> **{emphasis added}** Unfortunately, it is again not clear how this is currently applied to the tourism sector **[Box 3]**. In regard to PPP initiatives, as noted in **[Annex III]**, the 6th *Five Year Plan* includes, under Development Strategies and Policies, "To establish tourism infra-structure through Public-Private Partnership Investment." According to the website of the government's Public Private Partnership Office, a workshop on PPP for tourism was held on 14 March 2013, and included MoCAT and BPC officials. To date, however, only two PPP tourism projects have evidently received government approval.<sup>56</sup>

### Box 3: Bangladesh Fiscal and Non-Fiscal Incentives

"Bangladesh offers some of the world's most competitive fiscal non-fiscal incentives. BOI can advise further on this matter.

In summary and in most cases, these amount to the following:

- Remittance of royalty, technical know-how and technical assistance fees.
- Repatriation facilities of dividend and capital at exit.
- Permanent resident permits on investing US\$ 75,000 and citizenship on investing US\$ 500,000.
- Tax holidays
  - In the Dhaka & Chittagong Divisions: 100% in first two years: 50% in the year three and four: and 25% in the year five.
  - In the Rajshahi, Khulna, Sylhet, Barisal Divisions and three Chittagong Hilly Districts: 100% for first three years, 50% for next three years, 25% for year seven.
- Depreciation allowances

<sup>52</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, p. 161.

<sup>53</sup> Government of Bangladesh, Prime Minister's Office, Board of Investment, website. Accessed at <http://www.boi.gov.bd/> on 1 August 2014. In addition, as highlighted in the UNCTAD *Investment Policy Review*, "the BOI does not have specialized in-house staff to handle the needs and queries of investors at a sectoral level or to elaborate sectoral investment promotion efforts nor to engage in policy advocacy." (UNCTAD, *Investment Policy Review, Bangladesh*, as note 40 above, p. 36).

<sup>54</sup> Government of Bangladesh, Ministry of Civil Aviation and Tourism (MoCAT), website, <http://www.mocat.gov.bd/> and Government of Bangladesh, Bangladesh Parjatan Corporation (BPC), website, <http://www.parjatan.gov.bd/> (accessed on 1 August 2014). The BPC is the official government tourism organization. The website of the Bangladesh Tourism Board (BTB) does have a page titled "Investing in Tourism", but unfortunately the only information currently presented is "We shall update soon....." (accessed at <http://tourismboard.gov.bd/business-investment/investing-in-tourism/> on 1 August 2014).

<sup>55</sup> Government of Bangladesh, *National Industrial Policy 2010*, as note 10 above, p. 18.

<sup>56</sup> Government of Bangladesh, Public Private Partnership Office, website, *Workshop on "PPP in Tourism"*. Accessed at [http://www.pppo.gov.bd/events2013\\_ppp-in-tourism.php](http://www.pppo.gov.bd/events2013_ppp-in-tourism.php) on 1 August 2014. The list of approved projects (<http://www.pppo.gov.bd/projects.php>) includes a tourism project for "Development of Tourism Entertainment Village", as well as "5 Star Hotel at Zakir Hussain Road, Chittagong". To date, 34 PPP projects have been approved, with a total investment of US\$ 12.5 billion, of which US\$ 161 million is for tourism.

- Accelerated depreciation for new industries is available at the rate of 50%, 30% and 20% for the first, second and third years respectively, on the cost of plant and machinery.
- Cash and added incentives to exporting industries
  - Businesses exporting 80% or more of goods or services qualify for duty free import of machinery and spares, bonded warehousing.
  - 90% loans against letters of credit and funds for export promotion.
  - Export credit guarantee scheme.
  - Domestic market sales of up to 20% is allowed to export oriented business located outside an EPZ\* on payment of relevant duties.
  - Cash incentives and export subsidies are granted on the FOB\*\* value of selected exports ranging from 5% to 20% on selected products."

\*EPZ=Export Processing Zone

\*\*FOB=Free on Board

Source: Government of The People's Republic of Bangladesh, Prime Minister's Office, Board of Investment, website. Accessed at <http://www.boi.gov.bd/index.php/why-bangladesh/fiscal-and-non-fiscal-incentives#> on 1 August 2014.

## Domestic Regulation

As emphasized in the *Outline Perspective Plan of Bangladesh 2010-2021*, "Bangladesh's trade and industrial policies will need to be well integrated to support the twin ambitions of export-promotion and rapid industrialisation."<sup>57</sup> In this regard, the 6th *Five Year Plan* states that "The Bangladesh economy will be managed within the framework of a market economy with appropriate government interventions to correct market distortions, to ensure equality of opportunities, and to ensure equity and social justice for all." Consequently, the *Five Year Plan* further emphasizes that:

... ensuring a proper balance between providing incentives to private sector and instituting regulatory policies for safeguarding public interests will be a major guiding principle of the policy and institutional framework of the Sixth and the Seventh plans.<sup>58</sup>

From the perspective of UNCTAD's *Investment Policy Review*, significant efforts will be required to improve Bangladesh's business climate: "**Surveys of businesses frequently underscore a cumbersome regulatory environment, onerous procedures and an inefficient public administration as hurdles to investment**".<sup>59</sup> **{emphasis added}** This is also reflected in the World Bank's *Doing Business 2014* index, which ranks Bangladesh 130<sup>th</sup> (an increase of 2 places over 2013) among 189 countries.<sup>60</sup> As noted above, there are wide extremes within the subcategories of Bangladesh's ranking (22<sup>nd</sup> for *Protecting Investors* and 189<sup>th</sup> for *Getting Electricity*), indicating that improvements in the worst-performing categories might lead to significant increases in the overall *Doing Business* ranking.

Another major source of regulatory complexity, as already noted above, is Bangladesh's "Thrust Sectors" and other incentive schemes. As stated in the *Investment Policy Review*, "**The structural and administrative complexity of the general tax system and the numerous incentives schemes indeed provide a fertile ground for unpredictability and potential**

<sup>57</sup> Government of Bangladesh, *Outline Perspective Plan of Bangladesh*, as note 7 above, p. 40.

<sup>58</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, pp. 1-2. In addition, "the experiences of Bangladesh and elsewhere show that without proper government regulations and public spending in core areas, the social and economic results can be devastating and unsustainable."

<sup>59</sup> UNCTAD, *Investment Policy Review, Bangladesh*, as note 40 above, p. 23.

<sup>60</sup> World Bank, *Ease of Doing Business, Bangladesh*, website, as note 49 above. While Bangladesh ranks 4<sup>th</sup> at a regional level, and 6<sup>th</sup> among low-income countries, in absolute terms it is far behind the leaders in both categories (Sri Lanka and Rwanda), which currently rank 85<sup>th</sup> and 32<sup>nd</sup> overall, respectively (World Bank, website, *Doing Business, Economy Rankings*. Accessed at <http://www.doingbusiness.org/rankings> on 22 July 2014.

**arbitrariness**".<sup>61</sup> **{emphasis added}** Perhaps the greatest area of concern, however, should be the evident lack of policy implementation:

Bangladesh, with all the intricacy of its rules and institutions, suffers from a recurrent weakness in policy implementation. Policies are typically carefully thought through and researched, but the country has repeatedly faltered on implementation, and policy effectiveness has suffered as a result. The polarization of politics over the past decades has also affected continuity in the reform process and the implementation of long-term projects.<sup>62</sup>

## 2.4 Export Diversification via Tourism?

As stated in the **Introduction**, the objective of this working paper is to critically test the assertion that "green" tourism is one of the best development options for the majority of LDCs -- by comparing it to the realistic alternatives with regard to export diversification, employment generation and the "green economy". Concerning export diversification for Bangladesh, at first glance the opportunities for international tourism might appear to be distinctly limited, at least in the short- term, due to the already mentioned limitations listed in **[Table 3 (p. 7)]**.

Nonetheless, when viewed from the opposite perspective, international tourism -- even if not currently a major source of export revenue<sup>63</sup>-- is arguably an excellent means to help achieve Bangladesh's export diversification objectives, as well as many of the broader development goals as listed in **[Table 1 (p. 5)]**. Not only is international tourism an opportunity to diversify away from exports of manufactures, it is also one of the better options for spatial diversification, considering that Bangladesh is capable of exporting tourism from multiple locations around the country, including remote and rural areas. Furthermore, it is arguably also one of the better options for export diversification in terms of promoting SMEs, women and youth employment, and environmental protection (see **Parts 3, 4 and 5**).

One of the greatest advantages of international tourism for Bangladesh is the obvious potential for both upstream and downstream linkages **[Table 6]**, as well as extensive opportunities for low-cost "export discovery".<sup>64</sup> As highlighted in a recent World Bank paper, *Travel Channel Meets Discovery Channel or How Tourism Can Encourage Better Export Performance and Diversification in Nepal*, international tourism provides "virtually free" information regarding international demand, and functions as a "low-cost 'in-house' trade fair", easily accessible to most domestic producers. Overall:

The results suggest spillovers from tourism into merchandise export performance and diversification[,] and would imply that there are gains from cooperation between tourism and export promotion agencies.<sup>65</sup>

For all the reasons mentioned, **it would appear there are very strong arguments for giving international tourism equal, if not preferential, treatment in Bangladesh with regard to other "thrust sectors"**. Beginning with opportunities for enhancing "Digital Bangladesh" through the development of online advertising and electronic commerce by travel agencies and tour operators, as well as promoting air transport (thereby increasing air cargo capacity as well), there are obvious opportunities for developing airports, roads and other tourism-related infrastructure which, if well-integrated into Bangladesh's broader development objectives, would have numerous positive downstream effects as well.

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<sup>61</sup> UNCTAD, *Investment Policy Review, Bangladesh*, as note 40 above, p. 41.

<sup>62</sup> UNCTAD, *Investment Policy Review, Bangladesh*, as note 40 above, p. 66.

<sup>63</sup> Despite its limitations, tourism is already a larger exporter in Bangladesh than other priority sectors such as shipbuilding and pharmaceuticals, as show below in **Table 13** (p. 59).

<sup>64</sup> See Honeck, *LDC Export Diversification*, as note 5 above, pp. 32-40.

<sup>65</sup> World Bank, José Guilherme Reis and Gonzalo Varela, *Travel Channel Meets Discovery Channel or How Tourism Can Encourage Better Export Performance and Diversification in Nepal*, Policy Research Working Paper 6669, October 2013, pp. 2-3, abstract.

### **Table 6: Opportunities for Upstream and Downstream Tourism Linkages in Bangladesh**

*\* Enhancing "Digital Bangladesh": development of online advertising; electronic commerce by travel agencies and tour operators.*

*\* Promoting international air transport (thereby increasing air cargo capacity as well).*

*\* Developing airports, roads and other tourism-related infrastructure, with potential multiple downstream beneficial linkages if well-integrated into Bangladesh's broader development objectives.*

*\* Creating expanded markets for agricultural, handicraft and manufactured products (including export priority sectors such as shipbuilding), with linkages to international markets.*

*\* Promoting SMEs (including women-owned) and other labour-intensive entrepreneurial activity in remote and rural areas, including the movement from informal to formal enterprises and employment.*

*\* Providing multiple employment opportunities for low-skilled workers, including those in rural areas, with opportunities for skill development and creation of new enterprises.*

*\* Promoting Bangladeshi culture and national image worldwide, revenue generation for environmental protection.*

Source: Authors.

### 3 EMPLOYMENT GENERATION IN BANGLADESH

**"Presently some 78 percent of the labour force is engaged in low-income, low productivity jobs in the informal sectors. The employment target for the Sixth Plan will be to create adequate number of high productivity, high income jobs not only for new entrants but also to allow a substantial transfer of labour from the informal sector to the formal sector."**<sup>66</sup> {emphasis added}

**"[T]he economic growth process in the Sixth Plan needs to be appropriately balanced, thereby creating more employment opportunities in the manufacturing and organized service sectors and allowing a transfer of a large number of workers engaged in low productive employment in agriculture and informal services sector of the economy to these higher income jobs."**<sup>67</sup> {emphasis added}

#### 3.1 Current Employment Situation

The severity of the employment situation in Bangladesh is well recognized. The 6th *Five Year Plan* emphasizes that "The key issue is finding "good jobs" (defined as high productivity, high income jobs) for existing and new entrants to the labor force", stating "This arguably is amongst the most important development challenge for Bangladesh moving forward."<sup>68</sup>

As noted earlier in [Table 1 (p. 5)], *promoting sustainable human development* is one of Bangladesh's most fundamental development goals. This is reflected in specific targets under the 6th *Five Year Plan*, as shown in [Annex I], including reducing the head count poverty percentage, increasing industrial sector employment, and enhancing the proportion of skilled labour in overseas employment. As highlighted in the 6th *Five Year Plan*, the vast majority of the labour force in Bangladesh is involved in low-income, low productivity work in the informal sectors.

With regard to rural areas specifically, the 6th *Five Year Plan*, after emphasizing that the role of small enterprises is particularly important for providing an employment base, states that **"The promotion of small enterprises in rural areas needs to be a major strategic element for creating higher income and employment in the rural economy, which is critical for sustained poverty reduction"**.<sup>69</sup> {emphasis added} The *National Industrial Policy 2010* emphasizes that "Cottage, small and medium industries will be proactively championed as pillars of decentralized employment generation, women's entrepreneurship development and poverty alleviation":

There will be growing re-emphasis on micro, small and medium enterprises in the rural areas and villages in part to help **gradual reduction of the rural to-urban exodus** of people in search of employment opportunities, but above all to beef up incomes in rural and village communities."<sup>70</sup> {emphasis added}

As further noted in the 6th *Five Year Plan* Part II, "The Sixth Plan's vision for rural non-farm activities (RNFA) is to foster such activities as an important and effective poverty reduction activity for women in particular. Therefore **it is important to identify activities for RNFA and the roles of both public and private sectors and to encourage entrepreneurs to promote RNFA.**" {emphasis added} The 6th *Five Year Plan* further observes that "The RNFAs are undertaken mainly within the informal sector and it is desirable to keep them informal under the present settings. However, creation of an enabling environment for them and provision of some support services would make this sector more vibrant and will contribute substantially to poverty reduction."<sup>71</sup>

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<sup>66</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 2.

<sup>67</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 3.

<sup>68</sup> 6th *Five Year Plan*, p. 15. As also stated in the 6th *Five Year Plan*, p. 2, "The employment challenge in Bangladesh is not just to create any job but to create high income jobs in the formal sectors".

<sup>69</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p.3.

<sup>70</sup> Government of Bangladesh, *National Industrial Policy 2010*, as note 10 above, p, 6.

<sup>71</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, pp. 411-412.

At least in the short run, it would appear there may be some conflict between the objective of keeping RNFAs informal for the present, and the objective of creating more employment opportunities in the manufacturing and organized (i.e. formal) service sectors. As further highlighted by the *Outline Perspective Plan of Bangladesh 2010-2021*, "With the current labour force participation rate, there will be a need to provide or create additional jobs for about 19.8 million people in the rural labour force by 2021". In addition:

Out-migration will be not an option for everyone, and urban centres cannot be assumed capable of providing adequate livelihood opportunities for all those unable to make a living in agriculture. This implies that **rural non-farm activities are a potential vehicle for poverty reduction in rural areas.**<sup>72</sup> **{emphasis added}**

### 3.2 Poverty Alleviation via Employment Generation

As noted in the joint OECD-WTO publication *Connecting Least-Developed Countries to Value Chains*, "Latest estimates from the World Bank show that poverty rates in LDCs have come down from 64.6% in 1990 to 46.7% in 2008, the latest year for which estimates are available for the LDCs as a group". At the same time, the report observes that:

Within LDCs, regional and national variances exist – while Madagascar had the highest poverty rate of 81.3% in 2010, Bhutan's poverty rate was down to 10.2%. Bangladesh, the most populous LDC, reduced poverty rate from 58.6% in 2000 to 43.3% in 2010.<sup>73</sup>

Although Bangladesh is on track to achieve the Millennium Development Goals (MDG) targets in many areas [**Annex V**], *The Millennium Development Goals Bangladesh Progress Report 2011* emphasized that among the targets reported as needing more attention is employment generation, including the creation of more decent wage employment for women. For young people, unemployment is especially acute. The overall low economic participation rate of women is also a major concern, with female labour force participation (15 and above) 36% in 2010. Nonetheless, this represents steady growth from only 14% in 1990. As highlights in the *Bangladesh Progress Report 2011*, "**The challenge is to ensure economic growth that is "pro-poor" and that can lead to more jobs, better employment and higher household income**".<sup>74</sup> **{emphasis added}**

The 6th *Five Year Plan* explicitly recognizes the link between employment creation and poverty alleviation, stating that "An essential pre-requisite for rapid reduction of poverty is to attain high economic growth such that it provides the foundations for sustainable productive employment and incomes".<sup>75</sup> The 6th *Plan* further notes that:

**... productive employment is the most potent means of reducing poverty on a sustained basis.** But this is not easily achieved. This requires strategies and actions on the demand side of the labour market (driven primarily by economic growth) as well as strategies and policies on the supply side (labour force growth and quality).<sup>76</sup> **{emphasis added}**

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<sup>72</sup> Government of Bangladesh, *Outline Perspective Plan of Bangladesh*, as note 7 above, p. 53. As further noted, "The rural non-farm sector is reported to account for 40 per cent of rural employment, and more than 50 per cent of rural income. In 2021, the rural labour force aged 15 years or more will reach 48.8 million."

<sup>73</sup> WTO/OECD, *Connecting Least-Developed Countries to Value Chains*, WTO: Geneva, 2013, p. 60.

<sup>74</sup> Government of the People's Republic of Bangladesh, Planning Commission, *Millennium Development Goals Bangladesh Progress Report 2011*, Dhaka, February, 2012, pp. 1, 19, 74.

<sup>75</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 2. In addition, "The Government has mainstreamed trade into the national development agenda to eradicate poverty by generating employment" (Khatun, Fahmida; Samina Hossain; Napoleon Dewan; *Evaluating Aid For Trade on the Ground: Lessons from Bangladesh*; ICTSD Programme on Competitiveness and Development; Issue Paper No. 30; International Centre for Trade and Sustainable Development, Geneva, Switzerland, 2013, p. 11).

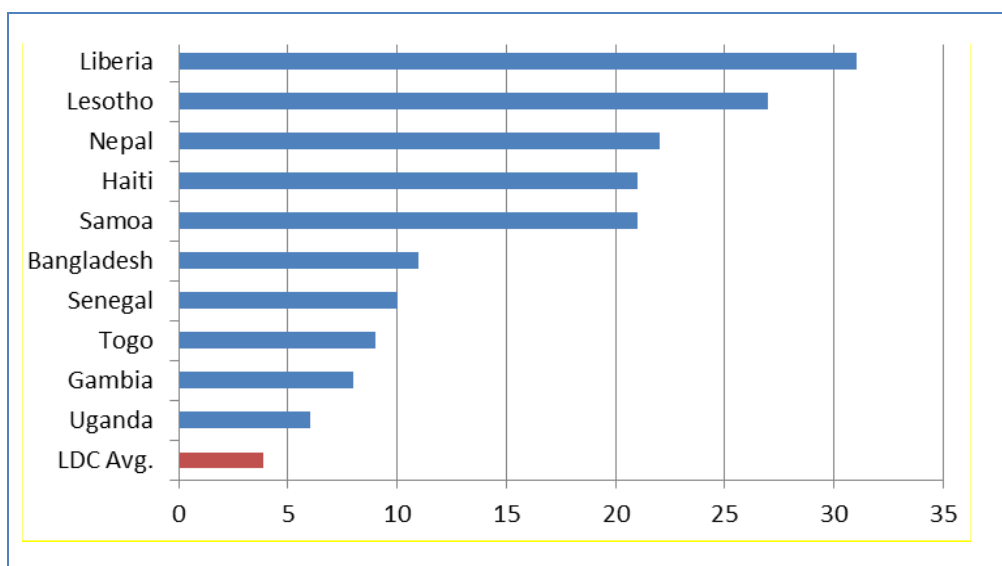
<sup>76</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 2. Page 4 also notes, "The growth and employment re-balancing process must be accompanied by strategies to enhance the income-earning opportunities of workers remaining in agriculture by raising land productivity and increasing

Differences at the regional level in Bangladesh with regard to poverty alleviation are highly significant. As stated in the 6th *Five Year Plan*, "Concerning regional disparities, the divisions of Dhaka, Chittagong and Sylhet seem to do better in terms of both growth and poverty reduction as compared with Rangpur, Barisal, Khulna and Rajshahi."<sup>77</sup> One of the important factors for the regional variations is evidently differences in opportunities to work abroad, and consequently differences in the level of foreign remittances received. Not surprisingly, "Chittagong and Dhaka divisions dominate the share of expatriate workers; around 78 per cent of total expatriate workers belong to these two divisions."<sup>78</sup>

According to the 6th *Five Year Plan*, "Inflow of foreign remittances is the single most important informal safety net program in Bangladesh. It has been a major factor in helping Bangladesh to reduce poverty since the 1990s."<sup>79</sup> For LDCs as a whole, the importance of remittances cannot be overstated [Chart 3], as noted in *Connecting Least-Developed Countries to Value Chains*:

Remittances play a crucial role in the integration of LDCs into the global economy. Currently, while LDCs represent 12% of global population, their contribution to world GDP as well as exports is only 1% and their share of global FDI is just under 3%, yet they account for 6% of global remittances.<sup>80</sup>

**Chart 3: Share of Remittances to GDP in 2011, Top Ten LDCs (Percentage)**



Source: World Bank, as found in WTO/OECD, *Connecting Least Developed Countries to Value Chains*, WTO Geneva, 2013, p. 46.

Other crucial aspects of poverty in Bangladesh are ethnicity and the lack of land ownership. As stated in the 6th *Five Year Plan*, "Landless farmers are amongst the poorest of the poor". With

diversification of agriculture production. A strong agriculture remains fundamental to poverty reduction as well as for food security."

<sup>77</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 6.

<sup>78</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 178. Significantly, however, "Though Chittagong division has the highest share of expatriate workers, the three hill districts of these divisions have very small number of expatriate workers".

<sup>79</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 178. "According to Ministry of Expatriates' Welfare and Overseas Employment 5.575 million Bangladeshi workers were working abroad as of June 2009 and every year around 0.5 million people are migrating with overseas employment. In the fiscal year 2009 the country received 9.7 billion USD as workers' remittances, which is 151 per cent higher than the comparable figure of 2005. Remittance is now contributing 11.15% to the GDP which is 6 times higher than the ODA and 13 times higher than the FDI."

<sup>80</sup> WTO/OECD, *Connecting Least-Developed Countries to Value Chains*, as note 73 above, p. 46, as taken from UNCTAD, *The Least Developed Countries Report 2012: Harnessing Remittances and Diaspora Knowledge to Build Productive Capacities*, UNCTAD : Geneva, 2012.



regard to ethnicity, the 6th *Plan* further states "Bangladesh has around forty-five different small ethnic communities comprising of 2 million people. Some of the 'hardcore poor' of Bangladesh are found among these communities".<sup>81</sup>

### 3.3 Which Export Options are Best for Employment?

As noted above, the Dhaka, Chittagong and Sylhet divisions have done better in terms of both growth and poverty reduction as compared with Rangpur, Barisal, Khulna and Rajshahi. In addition, "The urbanization problem has become particularly acute in Bangladesh owing to the primacy of Dhaka."

Consequently, the 6th *Five Year Plan* "will make efforts to address both these spatial dimensions of growth". Regarding regional disparities,:

The Plan would strive to **address the lagging regions problems**, especially focused on Rangpur, Barisal, Khulna and Rajshahi Divisions, through a **strategy that involves public expenditure in infrastructure and human development, by improving the access to financial services, by promoting international migration of workers from these divisions, and by facilitating more trade and investment in the border districts with neighbours including India**.<sup>82</sup> {emphasis added}

The issue of Bangladesh's "lagging regions" is both highly complex and extremely important, and will invariably require special incentives to address, as recognized in the 6th *Five Year Plan* [Box 4].<sup>83</sup> Moreover, as further stated in the 6th *Five Year Plan*, border issues will also need to be addressed:

In addition to national policies, the location of most lagging regions on the border areas with India suggests that **a policy of more and better regional cooperation with India will help promote growth and investment** in these border districts by strengthening access and connection to growth centers across the border.<sup>84</sup> {emphasis added}

With regard to training requirements, the *Outline Perspective Plan of Bangladesh 2010-2021* states that "Activities of training institutes under different ministries that are engaged in human resources development in the industrial sector will be made more dynamic and effective."<sup>85</sup>

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<sup>81</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, pp. 5, 158.

<sup>82</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, pp. 6, 71, 72. Also, "**The spatial distribution of poverty shows that most of the border areas are poorer than the rest of Bangladesh**". Page 182 further states that "On the national policy front public investment and financial sector policies are of particular importance in addressing the lagging regions problems. Available recent data from the Ministry of Finance indicate that **the lagging districts get a relatively lower share of the development expenditures in per capita terms**. Lagging areas also have limited access to finance relative to economically more advanced areas with substantially lower per capita deposits and advances as well as lower density of bank branches. Both these issues bear critical policy implications for balanced regional growth strategies". {emphasis added}

<sup>83</sup> Regrettably, the 6th *Five Year Plan* makes few specific comparisons between "thrust sectors" with regard to employment and spatial diversification. Nonetheless, the Prime Minister's Office Library website features maps of Bangladesh which may be relevant in this regard, including a map of *Major Industries of Bangladesh* (accessed at: Government of Bangladesh, Prime Minister's Office Library, website, <http://lib.pmo.gov.bd/maps/images/bangladesh/MajorIndustries.gif> on 1 August 2014). Unfortunately, tourism and other services sectors are not currently included.

<sup>84</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 182.

<sup>85</sup> Government of Bangladesh, *Outline Perspective Plan of Bangladesh*, as note 7 above, p. 41.

#### Box 4: Incentives for "Lagging Regions" in Bangladesh

"Small and medium enterprises would be encouraged with low cost financing facilities. Rate of interest for bank finances would be lower in the lagging regions which will increase investment,

- Special fiscal incentive such as tax holidays would be offered on a selective basis for high priority private investment in the lagging districts.
- **Steps would be taken to establish indigenous and export oriented industries in the lagging regions of the country**
- SME credit facilities will be used to promote indigenous small and medium industries in the poorer divisions, which use local raw materials such as food processing to meet the local demand. This will facilitate the use of local raw materials and employment generation which in turn will reduce poverty.

**Nonfarm economic activities will be promoted in the lagging districts** through providing training and financing facilities. Partnership between the government and MFIs/NGOs can play an important role in this regard

The flow of remittance earnings is amongst the most potent way for improving the local economy. As was noted earlier, the flow of remittance earnings is low in the lagging regions. Following measures would be taken to promote labor migration from lagging regions:

- **Technical and vocational training institutions for specific skills would be established in the lagging regions** based on a careful review of the external demand for skills."

Source: Government of The People's Republic of Bangladesh, Planning Commission, *Sixth Five Year Plan FY2011-FY2015*, July, 2011, pp. 184-185. {emphasis added}

Among the training institutes mentioned in the *Outline Perspective Plan* of presumed relevance to RNFA are the Small and Cottage Industries Training Institute (SCITI), the **National Hotel and Tourism Training Institute (NHTTI)** of the Bangladesh Parjatan Corporation, the Bangladesh Handloom Board, and the Bangladesh Silk Board. As highlighted in the 6th *Five Year Plan*, "The quality of labor force is weak due to low access and low quality of education; women are especially lagging behind". This issue is especially acute with regard to RNFA **[Annex VI]**. Consequently,:

The Sixth Plan will seek to address these by developing and implementing a well thought out education and training strategy and associated policies and institutions. The strategy needs to be particularly sensitive to reduce the access gap of the poor, especially in the under-developed or lagging regions of the country, and to improve the skill base of women.<sup>86</sup>

#### 3.4 Tourism as "Decent Work"?

While tourism is widely regarded as highly labour-intensive, with widespread employment opportunities for low-skilled workers, including those in rural and remote areas, there is typically insufficient statistical evidence to prove such claims (see **Part 4.1**). In this regard, Bangladesh appears to be no exception, with little information available to compare employment opportunities and working conditions for tourism with those of the other "thrust sectors". As stated in the 6th *Five Year Plan*:

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<sup>86</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 4. The 6th *Plan* (p. 45) further notes that "Encouraging higher female participation in labor force and enabling them to undertake gainful jobs and stay in the labor market will contribute to higher growth."

It is unfortunate that good data on labor market and job creation are scarce. Limited data available from the Labor Force Surveys (LFS) and the Census data and reports compiled by the Bangladesh Bureau of Statistics are inadequate, and often inconsistent and non-comparable over time.<sup>87</sup>

Consequently, it becomes difficult to determine the extent to which tourism represents the high-productivity, high-income jobs being sought for Bangladesh. According to estimates based on econometric models from the World Travel & Tourism Council (WTTC), travel and tourism in 2013 directly supported nearly 1.3 million jobs (1.8% of total employment) in Bangladesh. This was expected to rise by 4% in 2014, and by an average of 2.7% annually to over 1.8 million jobs (1.9% of total employment) by 2024.<sup>88</sup> According to the Bangladesh Bureau of Statistics, employment in the trade, hotel and restaurant sector in 2010 was reported to be 8.4 million, compared to 7.8 million in 2006 and 6.7 million in 2003.<sup>89</sup> The 2012 Bangladesh *National Skills Survey Phase 1* estimated that the tourism and hospitality industry workforce in 2013 would be 983,000, rising to 1.1 million by 2015, with nearly 70% of workers classified as "skilled and high-skilled" in 2012 [Table 7].<sup>90</sup>

**Table 7: Projection of skill demand in the tourism and hospitality industry**

Type of worker	Share (%) in 2012	*Projections of number workers (000)	
		2013	2015
Skilled + high skilled	69	678.3	759.0
Semi-skilled	23	226.1	253.0
Unskilled	8	78.6	88.0
Total	100	983.0	1100.0

Source: Government of The People's Republic of Bangladesh /Swiss Agency for Development and Cooperation, *National Skills Survey Phase 1*, p. 56. Estimated on the basis of LFS data.

With regard to working conditions, the situation for tourism in Bangladesh appears to be mixed, again with little comparative information apparently available. A 2013 publication of the International Labour Office (ILO), entitled *International Perspectives on Women and Work in Hotels, Catering and Tourism*, shows both positive and negative aspects of the hotels, catering and tourism (HCT) sector in Bangladesh; for example, lower compensation for women, but at the same time often real opportunities. While, as noted in the report, "In Bangladesh, evidence points to considerable wage disparity between men and women, particularly in the HCT sector", there is also the statement that:

The culture of HCT, its operating environment, working conditions and some of its key departments are always supportive of the needs of women employees and their family care responsibilities.<sup>91</sup>

Currently, even within export-related sectors, wages are typically low in Bangladesh, and working conditions are often poor. For example, in addition to the now well-known conditions in the RMG

<sup>87</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 40. For example, no information on Bangladesh appears in the 2008 ILO-UNWTO study *Sources and Methods: Labour Statistics, Employment in the Tourism Industries*.

<sup>88</sup> World Travel & Tourism Council (WTTC), *Travel & Tourism Economic Impact 2014, Bangladesh*, p. 1 (available online, at [http://www.wttc.org/site\\_media/uploads/downloads/bangladesh2014.pdf](http://www.wttc.org/site_media/uploads/downloads/bangladesh2014.pdf)).

<sup>89</sup> Mohiuddin Helal, *Observations on Development of Tourism Sector in Bangladesh*, Industry Skills Council for Tourism and Hospitality Sector, Dhaka, 2014, p. 5.

<sup>90</sup> Government of The People's Republic of Bangladesh /Swiss Agency for Development and Cooperation, Bangladesh Skills Snapshot 2012, *National Skills Survey Phase 1*, p. 56 (available online, at [http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-dhaka/documents/publication/wcms\\_226950.pdf](http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-dhaka/documents/publication/wcms_226950.pdf)). By contrast, only about 48% of food processing industry, 44% of RMG, 26% of leather sector and only 4% of construction industry workers received the same level of skill classification.

<sup>91</sup> International Labour Office (ILO), Thomas Baum, *International Perspectives on Women and Work in Hotels, Catering and Tourism*, International Labour Office, 2013, pp. 50, 59. Page 60 further notes that "The nature of HCT and the business opportunities that the sector offers are such that, through the wide range of micro-enterprises that dominate the sector in many countries, HCT has the capacity to make a significant contribution to poverty alleviation through a pro-poor HCT agenda."

sector, other sectors have also been criticized for poor working conditions.<sup>92</sup> With regard to informality in the tourism sector, again, little information is evidently available. Nonetheless, the 2012 joint report of the Asian Development Bank and the Bangladesh Bureau of Statistics, *The Informal Sector and Informal Employment in Bangladesh*, observes that productivity in Bangladesh for hotels and restaurants in the formal sector it is nearly 5 times higher than the informal sector (TK168K vs. TK 34K). For the services sector overall, productivity in the formal sector is 7 times that of the informal sector.<sup>93</sup>

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<sup>92</sup> See, for example, ILO, *Studies on Growth with Equity, Bangladesh, Seeking better Employment Conditions for better Socio-economic Outcomes*, International Labour Organization (International Institute for Labour Studies), 2013.

<sup>93</sup> Asian Development Bank and Bangladesh Bureau of Statistics, *The Informal Sector and Informal Employment in Bangladesh*, Country Report, Manila, 2012, p. 31.

## 4 BANGLADESH AND THE "GREEN ECONOMY"

"It is predicted by international agencies that Bangladesh will be adversely affected by climate change in the form of melting of Himalayan glaciers, global warming and rising sea level, intensified natural calamities, and greater water scarcity leading to loss of livelihood, rising unemployment and poverty."<sup>94</sup>

"Another key strategic element of the Sixth Plan is a firm commitment to pursue an environmentally sustainable development process. Natural resources like land and water are limited and their per capita availability is diminishing .... Excessive and indiscriminate use of our natural common pool resources has degraded them to an unusable state."<sup>95</sup>

### 4.1 What are the Best Options for Bangladesh?

Sustainable development is actually a constitutional obligation in Bangladesh. According to Article 18 A: Protection and Improvement of Environment and Biodiversity, "The state shall endeavor to protect and improve the environment and to preserve and safeguard the natural resources, biodiversity, wetlands, forest and wildlife for the present and future citizens".<sup>96</sup> In addition, *Pursuing environmental friendly development* is one of Bangladesh's fundamental development goals, together with *promoting sustainable human development* (see **Part 3**), as listed in **[Table 1 (p. 5)]**.<sup>97</sup>

Bangladesh "is one of the most climate vulnerable countries in the world and will become even more so as a result of climate change", as highlighted in the *Bangladesh Climate Change Strategy and Action Plan 2009* of the Ministry of Environment and Forests,:

The combination of frequent natural disasters, high population density, poor infrastructure and low resilience to economic shocks, makes Bangladesh especially vulnerable to climatic risks. The high incidence of poverty and **heavy reliance of poor people on agriculture and natural resources increases their vulnerability** to climate change.<sup>98</sup> **{emphasis added}**

As emphasized in the 6th *Five Year Plan*, "Climate change poses a significant threat to the goals of the fight against poverty in Bangladesh. Climate change and variability have already impacted on the life and livelihoods of the people in the coastal areas and in the arid and semi-arid regions of Bangladesh."<sup>99</sup> Similarly, the *Climate Change Strategy* emphasizes that "These changes will threaten the significant achievements Bangladesh has made over the last 20 years in increasing incomes and reducing poverty, and will make it more difficult to achieve the MDGs". As Bangladesh's response to climate vulnerability, the *Climate Change Strategy* is built on six pillars, and includes 44 separate programs. Overall, Bangladesh is pursuing a:

**...pro-poor Climate Change Management Strategy**, which prioritizes adaption and disaster risk reduction, and also addresses low-carbon development,

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<sup>94</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 8. "Furthermore, a rise in the sea level, leading to coastal submergence (i.e.17% of Bangladesh) would cause large-scale displacement of people."

<sup>95</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 8.

<sup>96</sup> Government of the People's Republic of Bangladesh, Planning Commission, *National Sustainable Development Strategy 2010-21* (NSDS), 2013, p. 24. "The NSDS (2010-21) has identified five Strategic Priority Areas along with three cross-cutting areas with a view to achieving its stated vision and addressing long-term sustainability issue of productive resources. The strategic priority areas include sustained economic growth, development of priority sectors, social security and protection, environment, natural resources and disaster management. The three cross-cutting issues that will support the sustainable development of priority areas include disaster risk reduction and climate, good governance and gender" (p. 3).

<sup>97</sup> While *Environment Sustainability* has its own category among the specific targets for the implementation of Bangladesh's development goals under the 6th *Five Year Plan* **[Annex I]**, *Productive Forest Coverage (%) (70 % tree density)* is the only item under that category.

<sup>98</sup> Government of Bangladesh, Ministry of Environment and Forests, *Bangladesh Climate Change Strategy and Action Plan 2009*, pp. xvii, 18.

<sup>99</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 151.

mitigation, technology transfer and the mobilization and international provision of adequate finance.<sup>100</sup> **{emphasis added}**

As highlighted in the ILO publication *Assessing Green Jobs Potential in Developing Countries: A practitioner's guide*, "Links between environmental improvement and economic development are increasingly recognized in the developing world". The ILO further notes that "Political and economic decision-makers in developing countries are realizing that the long-standing paradigm of "grow now, clean up later" is problematic, given its high social and environmental costs – even in the short term":

Green growth can provide economic (e.g. productivity, incomes, etc.), environmental (e.g. resource and energy efficiency) and social (e.g. better job quality) benefits **{Figure 1}**. The scale of these benefits greatly depends on how individual governments are able to develop programmes or support private enterprises to boost the development of a greener economy. There is a high potential for green jobs creation, as well as the greening of existing sectors and their jobs, within supply chains that are based on small and medium-sized companies.<sup>101</sup>

Of the options for export diversification for Bangladesh mentioned previously, several carry evident environmental risks, in addition to the existing health risks as noted in **Part 3**. For example, as observed in the UNEP publication *Green Economy and Trade: Trends, Challenges and Opportunities*,:

In a literature review of world shrimp farming in **Bangladesh**, India, Thailand and Vietnam, Raux et al. (2002) describe selected environmental and social issues of shrimp farming, including deterioration of mangrove systems, salt water intrusion, feed and pollution/food insecurity, disused ponds, seeds and brood stock/biodiversity, disease, unfair trade, restricted access to resources, forced displacement, and the negative impact on commercial fish stocks. The authors conclude that all of these "contribute to the **unsustainable nature of shrimp farming**".<sup>102</sup> **{emphasis added}**

*Assessing Green Jobs Potential* emphasises that "The promotion of green jobs is achieved by: promoting employment in environmentally sustainable economic sectors; enhancing decent work in existing environment-related sectors by turning existing jobs into green jobs; and reducing the environmental impacts of traditional sectors". With regard to Bangladesh specifically, the ILO states that:

The sectoral analysis suggested there are nearly 2.8 million core environment-related jobs in Bangladesh. These account for nearly 6 per cent of total employment in the economy (49.5 million jobs). Another 4 million jobs are indirectly supported as a result of these core environment-related jobs.<sup>103</sup>

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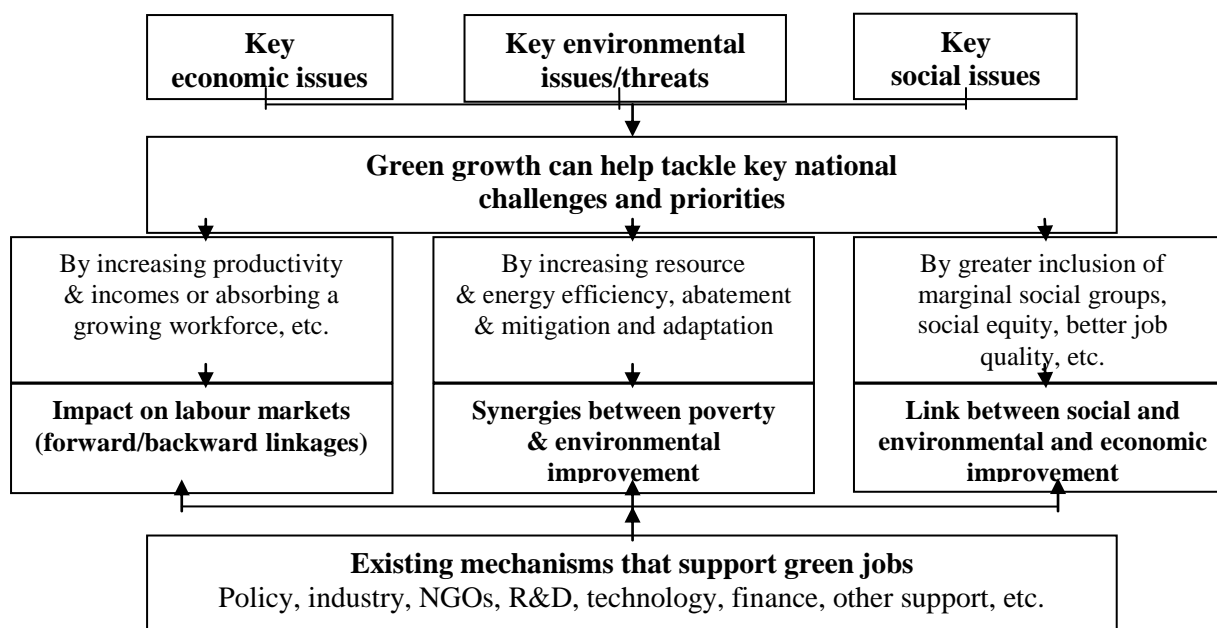
<sup>100</sup> The six pillars of Bangladesh's *Climate Change Action Plan* are: Food security, social protection and health; Comprehensive disaster management; Infrastructure; Research and knowledge management; Mitigation and low carbon development; and Capacity building and institutional strengthening (Government of Bangladesh, *Bangladesh Climate Change Strategy*, as note 98 above, pp. xvii-xviii).

<sup>101</sup> Jarvis, Andrew; Varma, Adarsh; Ram, Justin, *Assessing Green Jobs Potential in Developing Countries: A practitioner's guide*, Geneva, International Labour Office, 2011, p. 31.

<sup>102</sup> United Nations Environment Programme (UNEP), *Green Economy and Trade: Trends, Challenges and Opportunities*, 2013, p. 94 (available online, at <http://www.unep.org/greeneconomy/GreenEconomyandTrade>). The 6th *Five Year Plan*, concurs, stating "Development of shrimp aquaculture has created negative environmental impacts such as habitat destruction, pressure on fisheries resources, salinisation of agricultural land, pathogen intensity due to introduction of exotic species and nutrient pollution". The 6th *Five Year Plan* further states "Presently shrimp farming is the best option for providing relatively well paid employment to the poor. However the unplanned shrimp culture expansion has led to social conflicts over land tenure and user rights, leading to "marginalization of small rice farmers who have been forced to lease out their lands to large shrimp farmers" (Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, pp. 447-448).

<sup>103</sup> Jarvis, et. al., *Assessing Green Jobs Potential in Developing Countries: A practitioner's guide*, as note 101 above, pp. 34, 72.

**Figure 1: Green Growth can Help Tackle Key National Challenges**



Source: Jarvis, Andrew; Varma, Adarsh; Ram, Justin, *Assessing Green Jobs Potential in Developing Countries: A practitioner's guide*, Geneva, International Labour Office, 2011, p. 33.

## 4.2 Adapting to the Effects of Climate Change

In implementing the *Climate Change Strategy*, Bangladesh faces a number of environmental governance challenges. As stated in the 6th *Plan*, "Bangladesh in general is characterized by weak governance, and this is no different in the many aspects of environmental management":

Institutional capacity is limited to ensure effective law enforcement, institutions have ill-defined responsibilities, transparency and accountability are also limited, and there are conflicting objectives in the extensive set of policies and plans that impinge on sustainable development.<sup>104</sup>

Ecotourism is declared to be an important part of policies for environmental sustainability and the conservation of Bangladesh's biodiversity [Box 5].<sup>105</sup> Among the objectives listed for environmental sustainability in the 6th *Five Year Plan* [Annex VII] is "Eco-tourism promoted at least in 15 protected areas and ECAs {ecologically critical areas}".<sup>106</sup> Furthermore, the 6th *Plan* states that "To promote conservation of biodiversity the government has declared 28 Protected Areas which were on the verge of losing important biodiversities", highlighting that:

**The Forest Department has also identified 58 areas which have potentials of developing as ecotourism sites.** Efforts have been made to implement

<sup>104</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 446. "In response the government is working to reform the governance of the country, to reduce corruption and improve enforcement of the existing laws and standards. This offers **opportunities for poverty environment mainstreaming**". {emphasis added}

<sup>105</sup> According to the Red List of IUCN, there are 54 species of inland fishes, 8 amphibians, 58 reptiles, 41 resident birds and 40 mammals, which are threatened throughout the country. Among the marine species of animals, 4 fishes, 5 reptiles 6 birds and 3 mammals are threatened. It should be mentioned that the country's forest cover has come down from more than 90% of about 100 years ago to less than 7% in 2000 as per satellite imagery (Government of Bangladesh, *Bangladesh Climate Change Strategy and Action Plan 2009*, as note 98 above, p. 119).

<sup>106</sup> For example, the 6th *Five Year Plan* notes that the Government of Bangladesh in 1999 declared 8 areas (Cox's Bazar and Teknaf Peninsula, St. Martin's Island, Sonadia Island, Hakaluki Haor, Tanguar Haor and Marjat Baor, the Gulshan-Baridhara Lake and a 10 km landward periphery of the Sundarbans) as ECAs. In 2009, 4 rivers around Dhaka city (Buriganga, Shitalakha, Balu and Turag) were also declared as ECAs. (Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, p. 439).

various activities for biodiversity conservations in these areas and sites. With a view to reducing dependency of people living around forests on forest resources **different types of alternative livelihood programmes for these people are being introduced.**<sup>107</sup> **{emphasis added}**

#### Box 5: Biological Diversity in Bangladesh

**"Despite being marked by the one of the highest population densities in the world, Bangladesh remains a land of high biological diversity, a product of location and the richness of its extensive wetlands and remaining forests.**

\* In this small country, ornithologists have recorded 650 bird species, 176 of which are regular migrants and a further 143 are rare visitors or vagrants (Siddiqui et al. 2008).

\* The Sundarbans, the world's largest contiguous mangrove forest, is home to one of the largest remaining Tiger populations, and buffers people living inland from the stormy waters of the Bay of Bengal.

\* The Ganges and Brahmaputra Rivers flow through Bangladesh and provide a home for the Ganges River Dolphin and, where they flow into the Bay of Bengal, for the threatened Irrawaddy Dolphin and the Estuarine Crocodile.

\* The hill forests of the east are home to the only ape of South Asia, the Hoolock Gibbon."

**"In spite of its biodiversity, conservation efforts in Bangladesh take place largely outside the framework of the predominant approaches and attention of the global conservation community."**

Source: Integrated Protected Area Co-management (IPAC) - A Study of the Principal Market Value Chains Derived from the Sundarbans Reserved Forest, Volume 1: Main Report, January 18, 2010, p. 3. **{emphasis added}**

At the regional level, the 6th *Five Year Plan* states that "Particular attention will be given in the Sixth Plan to offset the geographical disadvantage of the coastal region of Barisal, which has the highest incidence of poverty partly owing to the adverse effects of natural disasters." The link between the environment and poverty in Bangladesh is further highlighted in the *Five Year Plan* which states:

It is no coincidence that Barisal has the highest incidence of both rural and urban poverty. The high incidence of natural disasters suffered by this Division calls for special efforts to design growth, employment and poverty strategies that seek to offset to the best possible way the adverse implications of these disasters.<sup>108</sup>

Consequently, the 6th *Plan* highlights that "Through programs in agriculture, environment, climate change and disaster management, the Sixth Plan will seek to reduce the vulnerabilities of Barisal and other coastal belt regions".<sup>109</sup> **Curiously, despite the fact that the 6th Five Year Plan states that private investment will be encouraged to develop sustainable tourist facilities in Kuakata (a part of Barisal),<sup>110</sup> there is no mention of ecotourism in the plans to address the environmental situation in Barisal [Box 6].**

<sup>107</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, pp. 22, 192. The website of the Forest Department currently lists 37 notified protected areas (Government of Bangladesh, Ministry of Environment and Forests, Bangladesh Forest Department, *Protected Areas of Bangladesh*, website. Accessed at <http://www.bforest.gov.bd/index.php/protected-areas> on 5 August 2014).

<sup>108</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 145. "In addition to the structural causes of poverty, recurring community-wide shocks have a significant accumulated impact. Some of these are seasonal, while others are more unpredictable, like the major floods and tropical cyclone that occurred in 2007. There is some evidence to suggest that severe and repeated community-wide shocks contribute to poverty traps in certain areas of the country. The coastal belt of Barisal is a case in point."

<sup>109</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 72.

<sup>110</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, p. 161 (as noted above in **Part 2** of this working paper).



## Box 6: Paying Special Attention to the Problems of the Coastal Region of Barisal

**"...the Government will place special emphasis to tackle the special problems of the coastal regions such as Barisal that face tremendous risks of natural disasters owing to geography."**

"Despite recent progress, the head count poverty is the highest in Barisal, which is predominantly a coastal region. Among other adverse factors, the large incidence of natural disasters is a major detrimental factor to growth and poverty reduction in Barisal. The onslaught of the Sidr and Aila cyclones and associated damages to the Barisal economy in the recent years are striking examples of this vulnerability. Moreover, being a coastal region, Barisal faces a higher risk of the adverse effects of climate change.

To address these concerns, in addition to policies and programs to remove the constraints of lagging regions in general, the Sixth Plan will seek to reduce the vulnerabilities of Barisal and other coastal belt regions through focused programs in agriculture, environment, climate change and disaster management."

"Specifically, the comprehensive program will include:

**(i) development of infrastructure;**

(ii) increasing crop and non-crop agriculture production that are best suited to the climate of the coastal belt;

**(iii) development of small and cottage industries using the energy from the solar system;**

**(iv) provision of agricultural credits and micro-credits**

**(v) improvement of existing waterways;**

**(vi) programs to strengthen human development focused on the poor;**

(vii) ensuring better access to safe drinking water; and

(viii) enhanced preparedness for natural disasters."

Source: Government of The People's Republic of Bangladesh, Planning Commission, *Sixth Five Year Plan FY2011-FY2015*, July, 2011, p. 182. **{emphasis added}**

### 4.3 What Role for Trade Policies and the WTO?

From the perspective of attracting FDI and enhancing the domestic business climate, Bangladesh's WTO commitments for services liberalization under the General Agreement on Trade in Services (GATS) might be considered as highly disappointing for investors: only 2 of 11 main sectors **[Annex VIII]**, and nine of over 160 subsectors **[Chart 4]** have binding commitments.<sup>111</sup> While, as shown in **[Chart 4]**, this situation is not so unusual for an LDC, Bangladesh is nonetheless far behind even many other LDCs. As highlighted in the 6th *Five Year Plan*,

On the trade protection front, unfortunately, Bangladesh has moved hesitantly. While trade protection has come down sharply from its very high levels in the early 1990s, **Bangladesh remains amongst the most heavily protected countries in the world. Trade reform has also stagnated over the past few years.**<sup>112</sup>  
**{emphasis added}**

During the recent Trade Policy Review of Bangladesh at the WTO, a number of tourism-related aspects were addressed in the *Concluding Remarks by the Chairperson*, including investment issues and services liberalization **[Table 8]**. Within the report prepared by Bangladesh for the Review, tourism is not mentioned, but the importance of services for the economy is noted.<sup>113</sup>

<sup>111</sup> Other difficulties regarding Bangladesh's investment policies are discussed in **Part 2**. The 2 main sectors with commitments are Communication Services and Tourism. Those without commitments include such major sectors as Business Services, Environmental Services, Financial Services, etc.

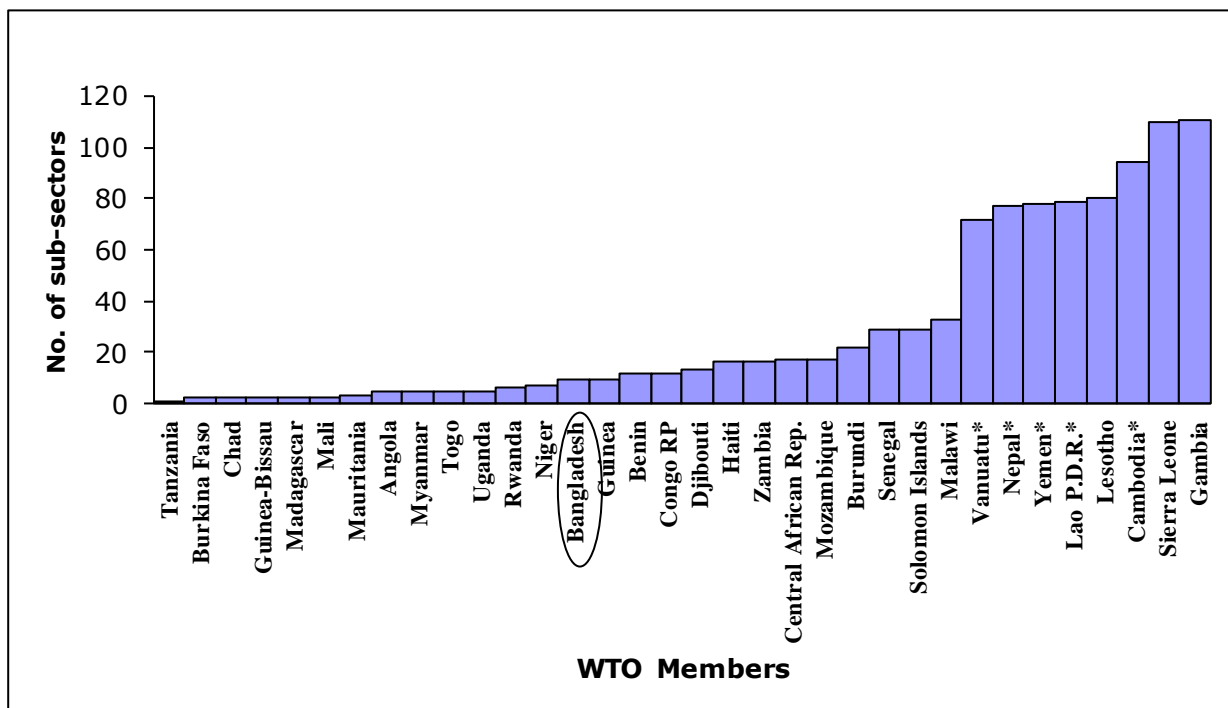
<sup>112</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 53. "A rapidly expanding and diversified export-oriented manufacturing sector requires a much faster pace of trade liberalization and commensurate measures to minimize if not eliminate anti-export bias of the existing trade regime".

<sup>113</sup> WTO, Trade Policy Review, *Report by Bangladesh*, WTO document WT/TPR/G/270, 10 September 2012. The WTO Secretariat report for the Review also notes that "In the context of privatization across all industries, which has intensified since the 1990s, liberalization measures have been taken especially in

Regarding export sectors, Bangladesh's report states that a Business Promotion Council (BPC) has been established under the auspices of the Ministry of Commerce:

The BPC has established six sector Promotion Councils on ICT, leather, fisheries products, light engineering products, medicinal plant and herbal products and agro products in order to enhance their export capability and competitiveness.<sup>114</sup>

**Chart 4: LDC GATS Commitments**



\*WTO accession country

Source: WTO Trade Profiles, WTO website.

**Table 8: Issues Meriting Further Attention and Reflection (tourism-related aspects)**

- **"Improving the investment environment:** the discussions highlighted further actions that Bangladesh can undertake to attract more foreign investment, including addressing infrastructure bottlenecks, improving the operation of the legal system as well as meeting other challenges of the doing business variety. In this regard, some Members encouraged Bangladesh to focus on tax policy, revenue generation and investments in infrastructure.
- **Services liberalization:** noting the increasing role services play in the development of Bangladesh's economy, and the commercial and development-related benefits of opening the telecoms sector, some Members encouraged Bangladesh to take steps to replicate these benefits in other crucial areas such as energy, transport and financial services. To continue the rapid growth of the services sector, **Bangladesh was encouraged to consider making more comprehensive commitments on**

financial services, telecommunications and transport services." (WTO, Trade Policy Review, *Bangladesh*, Report by the Secretariat, as note 27 above, p. xi).

<sup>114</sup> WTO, Trade Policy Review, *Report by Bangladesh*, as note 113 above, p. 14.

**trade in services, which would send a positive signal to foreign investors and support domestic growth." {emphasis added}**

Source: WTO, Trade Policy Review, 15 and 17 October 2012, Bangladesh, *Concluding Remarks by the Chairperson*, pp. 1, 2 (available online, at [http://www.wto.org/english/tratop\\_e/tp370\\_crc\\_e.htm](http://www.wto.org/english/tratop_e/tp370_crc_e.htm)).

With regard to the current WTO negotiations on trade in services, Bangladesh -- together with the other LDCs -- is "not expected" to make new GATS commitments.<sup>115</sup> Similarly, the website of the Ministry of Commerce notes that "Bangladesh has also no obligation to open up any mode or sectors relating to trade in services in this round. As a result, Bangladesh has very little defensive interest in this round of negotiations". At the same time, however, the website states that "Bangladesh has many offensive interests for which Bangladesh has been negotiating hard from the very beginning of the round":

Particularly following issues are important for Bangladesh in this round -

(i) Duty-free & quota-free (DFQF) market access

(ii) Preference erosion

**(iii) Services negotiations.**<sup>116</sup> {emphasis added}

Bangladesh's WTO focus is arguably primarily on encouraging further openness by trading partners, rather than on "locking in" domestic liberalization.<sup>117</sup> As stated in the 6th *Five Year Plan*, "To increase the export potential as well as to diversify the export base, the Sixth Plan will seek to further reduce trade barriers within the context of the World Trade Organization (WTO) framework as well as to seek more effective cooperation with neighbours.":

Bangladesh will actively participate in concerned international and regional/sub-regional fora aimed at increasing access to international export markets, easing and eventually eliminating any non-trade barriers to Bangladeshi exports, encourage investments, increase trade in services including energy, promote regional connectivity, and establish best possible economic relations with all strategic countries including neighbours.<sup>118</sup>

At the regional level, Bangladesh's Ministry of Commerce website mentions such trade agreements as the Asia Pacific Trade Agreement (APTA), the BIMSTEC {Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation} Trade Negotiating Committee (TNC), the SAARC Preferential Trading Arrangement (SAPTA), the Agreement on South Asian Free Trade Area (SAFTA), and the SAARC Framework Agreement on Trade in Services (SAFAS).<sup>119</sup> The minutes of the WTO's Trade Policy Review of Bangladesh also note that "The SAARC Framework Agreement

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<sup>115</sup> For an extensive discussion of this issue see Honeck, "Expect the Unexpected"?: LDC GATS Commitments as Internationally Credible Policy Indicators?, The Example of Mali, WTO Staff Working Paper ERSD-2011-07, 19 May 2011 (available online, at [http://www.wto.org/english/res\\_e/reser\\_e/ersd201107\\_e.htm](http://www.wto.org/english/res_e/reser_e/ersd201107_e.htm)).

<sup>116</sup> Government of Bangladesh, Ministry of Commerce, website, *WTO and Bangladesh*. Accessed at <http://www.mincom.gov.bd/wto.php> on 1 August 2014. The Trade Policy Review report by the Secretariat also notes that "Bangladesh is active in the Doha Round services negotiations, especially on LDC-related matters, such as the LDC collective request on mode 4 and the LDC waiver." (WTO, Trade Policy Review, *Bangladesh*, Report by the Secretariat, as note 27 above, p. xi). Regarding the LDC waiver, see also Mohammad Abu Yusuf and Md. Shoaib Akhtar, *LDC services waiver: Challenges and way forward*, The Financial Express, 13 September 2013.

<sup>117</sup> Such focus is perhaps typical of many WTO Members, but the two options can actually be mutually reinforcing. See Honeck, "Expect the Unexpected"?: as note 115 above.

<sup>118</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, pp. 3-4. In connection with the TPR, as part of written responses to questions received from WTO Members, the government of Bangladesh stated that "As per decision of Hong Kong Ministerial Conference, Bangladesh as an LDC, is not expected to undertake new commitments. However, **Bangladesh will consider undertaking new commitment in due time depending on progress in Doha Development Agenda**". {emphasis added} (WTO, Trade Policy Review, *Bangladesh*, Record of the Meeting, Addendum, WTO document WT/TPR/M/270/Add.1, 28 November 2012, p. 47).

<sup>119</sup> Government of Bangladesh, Ministry of Commerce, website, *Bangladesh in Regional and Bilateral Trade*. Accessed at [http://www.mincom.gov.bd/reg\\_bil\\_trade.php](http://www.mincom.gov.bd/reg_bil_trade.php) on 1 August 2014.

on Trade in Services was signed and ratified by Bangladesh in 2010. First round of negotiations on schedule of commitments began in 2010 and is expected to be concluded in 2012".<sup>120</sup>

At the bilateral level, the Ministry of Commerce website mentions that "An inter-ministerial meeting was held "to firm up Bangladesh's position" regarding FTAs with India, Pakistan and Sri Lanka. A core group was formed, and a report submitted to the MoC Secretary.<sup>121</sup> Regarding investment treaties, UNCTAD's *Investment Policy Review, Bangladesh* notes that:

Bangladesh has concluded bilateral investment treaties (BITs) with 29 countries — 24 of which have come into force — and is currently negotiating with another nine. The BITs concluded by Bangladesh have a substantive scope of application and are generally broad and open-ended.<sup>122</sup> {reference deleted}

Regarding Aid for Trade, OECD data shows that Bangladesh has been one of the top 10 recipients, at US\$ 7.6 billion between 2002-2011 [Table 9]. In terms of disbursements by sector, the major categories of spending in 2010 were, not surprisingly, energy generation and supply (US\$ 152 mil.), transport and storage (US\$ 130 mil.), and agriculture, forestry, fishing (US\$ 67 mil.), while tourism was almost negligible (no figure given).<sup>123</sup> The WTO/OECD publication, *Aid for Trade at a Glance*, further notes that:

India is also engaged in infrastructure development through concessional lending and technical assistance. In 2010 its export finance institution, the Exim Bank, extended a USD 3 billion new line of credit, of which USD 1 billion was for Bangladesh alone, the highest one-off amount to any country from India.<sup>124</sup>

**Table 9: Top Ten Aid-for-Trade LDC Recipients (US\$ million)**

Countries	Commitments						Total 2002-2011
	2006	2007	2008	2009	2010	2011	
Afghanistan	1262	1545	1762	1539	2052	1956	10908
<b>Bangladesh</b>	637	806	1131	971	1275	1910	7558
Tanzania	454	582	1407	847	1503	608	5836
Ethiopia	741	959	700	792	975	467	5193
Uganda	207	881	310	1042	803	459	3980
Congo,							
Dem. Rep.	168	495	289	746	756	808	3794
Mozambique	373	530	546	395	694	336	3238
Mali	154	805	608	663	337	267	3011
Senegal	271	133	365	424	837	246	2472
Nepal	234	229	210	315	463	453	2088
<b>Total Top Ten</b>							<b>48078</b>

Source: OECD DAC-CRS aid activity database, as found in WTO/OECD, *Connecting Least-Developed Countries to Value Chains*, WTO: Geneva, 2013, p. 51. {emphasis added}

<sup>120</sup> WTO, Trade Policy Review, *Bangladesh*, Record of the Meeting, as note 118 above, p. 6. "During the period under Review, member countries of Asia Pacific Trade Agreement (APTA) launched fourth round of negotiations in 2007. In the meantime, three subsidiary agreements on trade facilitation, trade in services and promotion and protection of investment have been signed by all APTA members. They are yet to conclude fourth round of trade negotiations. In addition, Bangladesh has been working closely with her South Asian neighbours to enhance sub-regional connectivity with a view to promoting trade and commerce."

<sup>121</sup> Government of Bangladesh, Ministry of Commerce, website, *Bangladesh in Regional and Bilateral Trade*, as note 119 above.

<sup>122</sup> UNCTAD, *Investment Policy Review, Bangladesh*, as note 40 above, p. 38. "The principles of most-favoured nation (MFN) and national treatment (post-establishment) are systematically granted and "non-discrimination" is the standard of treatment typically granted to foreign investors vis-à-vis nationals. The treaty with the United States preserves the right of both parties to maintain limited sectoral exceptions to the "no less favourable" treatment with regard to ownership."

<sup>123</sup> WTO/OECD, *Aid for Trade at a Glance*, WTO: Geneva, 2013, p. 192.

<sup>124</sup> WTO/OECD, *Aid for Trade at a Glance*, as note 123 above, p. 81.

Despite the high levels of Aid for Trade (Aft) spending, a study by the International Centre for Trade and Sustainable Development (ICTSD) suggests that "the results of Aft are somewhat mixed for Bangladesh". The study notes that "On the one hand, Aft has addressed some significant supply side constraints and has contributed to enhance export competitiveness in a few key sectors for the country's socio-economic development." At the same time however, "key stakeholders, such as private actors interviewed as part of this research, lamented that they are not adequately involved in the formulation, implementation, and monitoring of Aft". Moreover, :

***Aft programmes and projects are not effectively mainstreamed into national policies.*** More important, the study shows that the lack of efficient administrative mechanisms, limited human capacity, political instability, and stringent donor requirements are major reasons for low absorption capacity.<sup>125</sup>  
**{emphasis added}**

As an LDC, Bangladesh is eligible for participation in the Enhanced Integrated Framework (EIF). As stated on the MoC website, "One of the requirements of the EIF process is to conduct a DTIS {Diagnostic Trade Integration Study} to identify the challenges and constraints of the trade regime, and to make recommendations with a prioritized action matrix for enhancing the trade-related capacity of the country concerned."<sup>126</sup> The MoC website further notes that:

It is expected that, the DTIS will act as a catalyst to mainstreaming the trade into the national development plan of Bangladesh and also act as the basis for accessing Aid for Trade Fund.<sup>127</sup>

The {draft} *Bangladesh Diagnostic Trade Integration Study* (DTIS) for Bangladesh is very large, composed of three volumes totalling nearly 600 pages. The DTIS suggests a "Four-Pillar Strategy to Spur Faster, Export-led Growth", composed of: Breaking into New Markets; Breaking into New Products; Improving Worker and Consumer Welfare; and Building a Supportive Environment.<sup>128</sup> The Proposed Action Matrix in Volume 1 is structured according to the four-pillar strategy, together with a list of sector-specific measures. Each action item mentions the government unit expected to be responsible, and often suggests potential sources of funding. Tourism is not mentioned in the Action Matrix, and is not included among the selected sectors in the DTIS as a whole.

#### 4.4 How Viable is "Green" Tourism for Bangladesh?

Ecotourism is stated to be a priority for Bangladesh, as highlighted in **Part 4.2** above. Without accurate statistics or realistic estimates of Bangladesh's tourism potential (see **Part 5.1**), however, it becomes very difficult to analyze the viability of "green" tourism for Bangladesh.<sup>129</sup> UNEP defines a green economy as one that results in "improved human well-being and social

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<sup>125</sup> Khatun, Fahmida; Samina Hossain; Napoleon Dewan; *Evaluating Aid For Trade on the Ground: Lessons from Bangladesh*, as note 75 above, pp. viii-ix.

<sup>126</sup> The draft DTIS for Bangladesh has been made available at: Government of Bangladesh, Ministry of Commerce, website, *EIF Process in Bangladesh*. Accessed at <http://www.mincom.gov.bd/eif.php> on 23 July 2014. The Bangladesh page on the EIF website is available at: Enhanced Integrated Framework (EIF), website, Bangladesh (accessed at <http://www.enhancedif.org/en/country-profile/bangladesh> on 23 July 2014).

<sup>127</sup> Government of Bangladesh, Ministry of Commerce, website, *EIF Process in Bangladesh*, as note 126 above. The ICTSD report observes that "under the IF, Bangladesh had identified thirty-four projects for support. Of these, only one project, which focused on the marketing of leather products, received USD 291,000 from the International Trade Centre (ITC). Because of these negative experiences, Bangladesh was less enthusiastic to take part in the EIF, and it only became a Member in November 2009" {references deleted} (Khatun, Fahmida; Samina Hossain; Napoleon Dewan; *Evaluating Aid For Trade on the Ground: Lessons from Bangladesh*, as note 75 above, p. 3).

<sup>128</sup> World Bank, {draft} *Bangladesh Diagnostic Trade Integration Study*, as note 126 above. Also discussed in the DTIS are "Export Constraints and Potential in Selected Sectors", under the following themes: Emerging Sectors—The Case of Shipbuilding; Reviving Jute and Jute-Based Products; Diversified Jute—Non-Leather Footwear; Garments: Moving Up the Value Chain—The Case of Polo Shirts; The Challenge of Moving to More Capital Intensive Light Engineering—The Case of Bicycles; Expanding Services—The Case of Information Technology Enabled; and Pharmaceuticals.

<sup>129</sup> Unfortunately, there is hardly any mention of tourism in either the *Bangladesh National Sustainable Development Strategy* or the *Bangladesh Climate Change Strategy and Action Plan 2009*. As already noted, there are almost no comparative estimates in the 6th *Five Year Plan* (or Bangladesh's DTIS) between priority export sectors with regard to potential earnings, employment, etc.

equity, while significantly reducing environmental risks and ecological scarcities".<sup>130</sup> The 2011 UNDP *Human Development Report* notes that "Ecotourism in particular is a promising route to protecting biodiversity while enhancing livelihood opportunities for the local community", thereby drawing attention to the fact that – together with the well-known environmental aspects -- green tourism also has developmental potential.<sup>131</sup> Nonetheless, it must be emphasized that:

Even under a green economy, poverty alleviation is not a foregone conclusion. As acknowledged by UNEP, "it must be emphasized that moving towards a green economy will not automatically address all poverty issues. **A pro-poor orientation must be superimposed on any green economy initiative**".<sup>132</sup> **{emphasis added}**

As mentioned in the **Introduction**, many people might be surprised to learn that Bangladesh has three World Heritage sites: the Sundarbans (India also has a Sundarbans World Heritage site) which includes the tiger reserves (registered in 1997), the Historic Mosque City of Bagerhat (1985), and the Ruins of the Buddhist Vihara at Paharpur (1985).<sup>133</sup> In addition, submissions have been made for another five sites.<sup>134</sup> It should also be noted that Bangladesh has two inscriptions on the UNESCO Representative List of the Intangible Cultural Heritage of Humanity, for Baul songs (2008) and the Traditional art of Jamdani weaving (2013).<sup>135</sup> The UNESCO sites, inscriptions and nominations help prove that Bangladesh has a wide range of both natural and cultural world-class heritage.

### Sundarbans Reserve Forest

Bangladesh's Sundarbans World Heritage Site is only a portion of the Sundarbans Reserve Forest (SRF) located within the country. Overall, the SRF is a direct source of employment for over 1 million Bangladeshi, as well as providing valuable natural resources.<sup>136</sup> As stated in the Forest Department report *Integrated Resources Management Plans for the Sundarbans (IRMP)*;

The interface landscape and the local people are characterized by poverty, natural calamities, poor education and health services, drinking water scarcity, and little income opportunities, all of which contribute to high biotic pressure on the natural resources of the SRF and its interface landscape zone.<sup>137</sup>

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<sup>130</sup> Honeck, *LDC Export Diversification*, as note 5 above, p. 55, as quoted from United Nations Environment Program (UNEP), *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication*, United Nations Environment Programme, 2011 (available on-line, at [www.unep.org/greeneconomy](http://www.unep.org/greeneconomy)).

<sup>131</sup> Honeck, *LDC Export Diversification*, as note 5 above, p. 64, as quoted from UNDP, *Human Development Report 2011, Sustainability and Equity: A Better Future for All*, 2011.

<sup>132</sup> Honeck, *LDC Export Diversification*, as note 5 above, p. 66, with quote from UNEP, *Towards a Green Economy*, as note 130 above).

<sup>133</sup> UNESCO, website, *Bangladesh*. Accessed at <http://whc.unesco.org/en/statesparties/bd> on 23 July 2014.

<sup>134</sup> These are: Mahansthagarh and its Environs, The Lalmai-Mainamati Group of monuments, Lalbagh Fort, Halud Vihara, and Jaggadala Vihara, all submitted in 1999 (UNESCO, website, *Bangladesh*, as note 133 above).

<sup>135</sup> UNESCO, website, *Lists of intangible cultural heritage and Register of best safeguarding practices*. Accessed at <http://www.unesco.org/culture/ich/index.php?lq=en&pg=00559> on 23 July 2014.

<sup>136</sup> As noted by UNESCO, 60% of the Sundarbans lies in Bangladesh and the rest in India. The land area, including exposed sandbars, covers 414,259 ha (70%) with water bodies occupying 187,413 ha (30%). (UNESCO, website, *The Sundarbans*. Accessed at <http://whc.unesco.org/en/list/798> on 23 July 2014). A map highlighting the wildlife sanctuaries and the World Heritage Site (together with the location of the proposed Rampal Power Plant) is available online, at <https://bdoza.files.wordpress.com/2013/09/rampal-power-plant-1.jpg>. Information regarding the Rampal Power Plant controversy is available online, at DhakaTribune, website, *Rampal* (accessed at <http://www.dhakatribune.com/tags/Rampal%20power%20plant> on 23 July 2014).

<sup>137</sup> Government of Bangladesh, *Forest Department, Ministry of Environment and Forests, Integrated Resources Management Plans for the Sundarbans 2010-2020, Vol. 1, Dhaka, Bangladesh, December 2010, p. viii*. As noted above (fn 106, p. 36), an ecologically critical area (ECA) extends 10 km beyond the borders of the SRF.

Consequently, sustainable management of the Sundarbans is highly complicated,<sup>138</sup> made even more difficult by the fact that control of upstream water resources is often outside of Bangladesh's borders.<sup>139</sup> Management of the Sundarbans in Bangladesh is primarily the responsibility of the Forest Department, and the concept of co-management with local communities is being applied. With regard to tourism specifically, the *IRMP* states that "Specific sites, infrastructure and routes in designated areas of the SRF will be developed and/or maintained to provide for quality ecotourism experiences". In addition,:

In order to take advantage of the increasing nature tourism, **the Forest Department will seek public private partnerships**, consistent with the guidelines and principles established by the GOB to improve the ecotourism services and facilities.<sup>140</sup> **{emphasis added}**

Comprehensive revenue and employment figures for the Sundarbans are evidently not available, despite their obvious importance. As stated in the *IRMP*, "During the fiscal year 2008-09 the Government of Bangladesh earned Tk. 55.17 million from the Sundarbans, mainly from non-timber forest products including fish". With regard to forestry, the *IRMP* states that "Constituting 51% of the total RF estate of Bangladesh, the SRF contributed about 41% of total forest revenue and accounted for about 45% of all timber and fuel wood output of the country". According to the Forest Department, total SRF tourism revenues were only Tk. 4.41 million in 2008-2009, and only about 1.7% of visitors were foreigners (3.5% in 2009-10) [Table 10]. Overall, as stated in the *IRMP*:

More than half a million people live on the collection of fuelwood and NTFPs such as fish, honey, wax, and leaves of trees from the Sundarbans. In the landscape, nearly 30% of the people or nearly four times that of the share of national figure earns their living by fishing.... **The people of the area, in general, are just surviving at subsistence level.**<sup>141</sup> **{emphasis added}**

**Table 10: Number of Tourists Visiting SRF and Annual Revenue from Tourism**

Year	Number of Tourists			Revenue (Tk.)			Annual Change (%)	
	Local	Foreign	Total	Local	Foreign	Total	Revenue	
2004-05	69,078	2,124	71,202	2,186,055	-	-	-	-
2005-06	92,632	1,582	94,214	3,287,388	34.1	-25.5	32.3	50.4
2006-07	94,745	1,257	96,002	2,965,868	2.3	-20.5	1.9	-9.8
2007-08	83,709	1,479	85,188	2,745,730	-11.6	17.7	-11.3	-7.4
2008-09	97,721	1,703	99,424	4,419,960	16.7	15.1	16.7	61.0
2009-10	55,455	2,033	57,488	N/A	-	-	-	-

Average annual increase in total tourist number = 9.9%

Average annual increase in revenue = 23.6%

<sup>138</sup> Indeed, as listed in the *IRMP*, ten strategic and mutually interlinked programs were developed for implementation over the Plan period of ten years: 1. Habitat Protection Programs; 2. Wildlife Sanctuaries Management Programs; 3. Sustainable Forests Management Programs; 4. Food Security and Wetlands Management Programs; 5. Climate Change Mitigation Programs; 6. Climate Change Adaptation Programs; 7. **Eco-Tourism Programs**; 8. Facilities Development Programs; 9. Conservation Outreach, Conservation Research, Participatory Monitoring and Capacity Building Programs; and 10. Administration and Budget Programs **{emphasis added}** (Government of Bangladesh, *Integrated Resources Management Plans for the Sundarbans*, as note 137 above, pp. ix-xxiii).

<sup>139</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part III, p. 447. "Since the operation of Farakka barrage, the environment in the southwest region of Bangladesh has been adversely affected by increase in salinity." (As stated in Wikipedia, "Farakka Barrage is a barrage across the Ganges River, located in the Indian state of West Bengal, roughly 16.5 kilometres (10.3 mi) from the border with Bangladesh". In addition, "About one third of the total population of Bangladesh live in the Ganges basin". (Wikipedia, website. Accessed at [http://en.wikipedia.org/wiki/Farakka\\_Barrage](http://en.wikipedia.org/wiki/Farakka_Barrage) on 23 July 2014.)

<sup>140</sup> Government of Bangladesh, *Integrated Resources Management Plans for the Sundarbans*, as note 137 above, p. v. Unfortunately, information on the results to date of the *IRMP* do not seem to be publicly available. In addition, there appear to be coordination issues, as there seems to be little, if any, mention of the *IRMP* or Sundarbans investment opportunities on the BOI, BPC, BTB or MoCAT websites.

<sup>141</sup> Government of Bangladesh, *Integrated Resources Management Plans for the Sundarbans*, as note 137 above, pp. 7, 60, 62.

Source: Forest Department, 2010, as found in Government of Bangladesh, Forest Department, Ministry of Environment and Forests, *Integrated Resources Management Plans for the Sundarbans 2010-2020*, Vol. 1, Dhaka, Bangladesh, December 2010, p. 65.

With regard to eco-tourism programs, the IRMP states that "the Forest Policy (1994) recognizes eco-tourism as a forestry-related activity, which needs to be promoted taking into consideration the nature's carrying capacity in the Sundarbans." Consequently, "**Socio-economic benefits of nature tourism accruing to local people will be catalyzed by leveraging forward and backward linkages** of eco-tourism, and so enhancing socio-economic benefits accruing to local community in the interface landscape zone will be another important objective."<sup>142</sup> **{emphasis added}** The IRMP further states that:

The Sundarbans forests and sanctuaries have several unique and interesting attributes for domestic and international eco-tourism. **There is scope and need to promote large scale sustainable tourism for the well-being of the country and the people of Bangladesh.**<sup>143</sup> **{emphasis added}**

### Maintenance of Bangladesh's heritage sites

Maintenance of the World Heritage sites (and the country's many other heritage sites) is a major issue for Bangladesh. As highlighted in a recent Bangladesh newspaper article "There is an incongruity of a kind in a country that takes pride in its history and yet is not keen about preserving its heritage." Consequently, "In association with the Norwegian embassy in Bangladesh, World Heritage Convention and the Bangladesh government, UNESCO has come forth to assert itself in the matter of a preservation of cultural heritage sites in the country. The move, which involves a training programme aimed at long-term management of heritage sites and properties in Bangladesh, now comes encapsulated in the document under review".<sup>144</sup> The UNESCO document prepared for the project further states that:

Despite such inheritance of world famous cultural heritages the newly established independent country of Bangladesh (1971) has singularly failed in the past to conserve and preserve them properly.<sup>145</sup>

The World Heritage and Sustainable Tourism Programme is one of 10 activities listed on the UNESCO World Heritage Centre website under the category of sustainable tourism.<sup>146</sup> As stated on the Sustainable Tourism Programme website, "World Heritage properties are important travel destinations, that if managed properly, have great potential impact for local economic

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<sup>142</sup> Government of Bangladesh, *Integrated Resources Management Plans for the Sundarbans*, as note 137 above, p. xxiii. Unfortunately, the carrying capacity of the SRF for ecotourism and the other economic activities has apparently not been identified to date.

<sup>143</sup> Government of Bangladesh, *Integrated Resources Management Plans for the Sundarbans*, as note 137 above, p. 63. For a discussion of the prospects for package tours in the Sundarbans, see Azizul Hassan, 'Package Eco-tour' as Special Interest Tourism Product-Bangladesh Perspective, *Developing Country Studies*, Vol 2, No.1, 2012.

<sup>144</sup> The Daily Star, *Preserving symbols of history*, July 1, 2013 (available online, at <http://archive.thedailystar.net/beta2/news/preserving-symbols-of-history/>).

<sup>145</sup> *Training & Capacity Building For Long-term Management and Best Practice Conservation For the Preservation of Cultural Heritage Sites And World Heritage Properties in Bangladesh*, Supervision, edition, coordination Sharif uddin Ahmed, Department of Archaeology, Government of Bangladesh, UNESCO Dhaka, 2012, p. xi (available online, at <http://unesdoc.unesco.org/images/0022/002211/221116eo.pdf>). "There was a lack of commitment on the part of the Government despite constitutional obligations and public utterances of the politicians to take care of the cultural heritages of the country. However, because of public concern and pressure of international community, attention has recently been given to conserve and preserve both tangible and intangible cultural heritages of the country".

<sup>146</sup> UNESCO, website, *Activities*, UNESCO, website, *Activities*. Accessed at [http://whc.unesco.org/en/activities/search\\_theme=10&action=list](http://whc.unesco.org/en/activities/search_theme=10&action=list) on 23 July 2014. Among the activities is a US\$ 3.5 million project to link the conservation of biodiversity with sustainable tourism at six World Heritage sites: El Vizcaíno (Mexico), Komodo (Indonesia), Río Plátano (Honduras), Sian Ka'an (Mexico), Tikal (Guatemala), and Ujung Kulon (Indonesia). The project "focuses on creating a model for using tourism to promote the protection of important habitats by working with local communities and site managers to benefit from the growing tourism industry". UNESCO, website, *Linking Biodiversity Conservation and Sustainable Tourism at World Heritage Sites*. Accessed at <http://whc.unesco.org/en/activities/66/> on 23 July 2014.



development and long-term sustainability".<sup>147</sup> The programme objectives include policies and tools to support sustainable tourism as a vehicle for protecting and managing cultural and natural heritage.<sup>148</sup> The World Heritage and Sustainable Tourism Programme's *Action Plan 2013 – 2015* has an estimated annual budget of US\$ 1.24 million, and follows five programme objectives [Table 11].<sup>149</sup>

**Table 11: UNESCO World Heritage and Sustainable Tourism Programme Objectives**

- *Integrate sustainable tourism principles into the mechanisms of the World Heritage Convention.*
- *Strengthen the enabling environment by advocating policies, strategies, frameworks and tools that support sustainable tourism as an important vehicle for protecting and managing cultural and natural heritage of Outstanding Universal Value.*
- *Promote broad stakeholder engagement in the planning, development and management of sustainable tourism that follows a destination approach to heritage conservation and focuses on empowering local communities.*
- *Provide World Heritage stakeholders with the capacity and the tools to manage tourism efficiently, responsibly and sustainably based on the local context and needs.*
- *Promote quality tourism products and services that encourage responsible behaviour among all stakeholders and foster understanding and appreciation of the concept of Outstanding Universal Value and protection of World Heritage.*

Source: UNESCO, World Heritage and Sustainable Tourism Programme, *Action Plan 2013 – 2015*.

### Cultural Tourism in Bangladesh: South Asia Tourism Infrastructure Development Project

As observed by UNESCO, "Learning about the impacts of tourism has led many people to seek more responsible holidays. These include various forms of alternative or sustainable tourism such as: 'nature-based tourism', 'ecotourism' and 'cultural tourism'".<sup>150</sup> From a similar perspective, the Asian Development Bank's (ADB) South Asia Tourism Infrastructure Development Project was launched. The project:

promotes environmentally and culturally sustainable and socially inclusive tourism growth in the South Asian sub-region. This will be through: (i) integrated development of high yielding tourism circuits and destinations, (ii) **effective management of tourism and environment and culture**, and (iii) **enhancing the linkages of expanded tourism to the local communities**.<sup>151</sup> **{emphasis added}**

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<sup>147</sup> "The UNESCO World Heritage and Sustainable Tourism Programme represents a new approach based on dialogue and stakeholder cooperation where planning for tourism and heritage management is integrated at a destination level, the natural and cultural assets are valued and protected, and appropriate tourism developed". UNESCO, website, *World Heritage and Sustainable Tourism Programme*. Accessed at <http://whc.unesco.org/en/tourism/> on 23 July 2014.

<sup>148</sup> For example, a recent event was the 4th seminar of the UNESCO Chair on "Culture, Tourism and Development" (UNESCO, website, *Seminar on "Culture, Tourism and Development"*). Accessed at <http://whc.unesco.org/en/events/1090/> on 23 July 2014).

<sup>149</sup> (UNESCO, World Heritage and Sustainable Tourism Programme, *Action Plan 2013 – 2015* (available online, at <http://whc.unesco.org/uploads/activities/documents/activity-669-6.pdf>, p. 2.) "An assessment of the first phase of the WH+ST Programme will take place end of 2015. The assessment will determine the Action Plan for the next phase (2016 - 2018)."

<sup>150</sup> "Sustainable tourism is becoming so popular that some say that what we presently call 'alternative' will be the 'mainstream' in a decade." UNESCO, website, *Teaching and Learning for a Sustainable Future, Sustainable Tourism*. Accessed at [http://www.unesco.org/education/tlsf/mods/theme\\_c/mod16.html](http://www.unesco.org/education/tlsf/mods/theme_c/mod16.html) on 23 July 2014.

<sup>151</sup> Government of Bangladesh, Department of Archaeology, *Resettlement Planning Document, South Asia Tourism Infrastructure Development – Bangladesh Heritage Highway Subproject*, October, 2009, p. 2.

While the overall project links tourism sites in Nepal, India and Bangladesh, the portion in Bangladesh focuses on creating the domestic segments of an India-Bangladesh Heritage Highway, and aims to make improvements at the key heritage sites along the Heritage Highway of Kantajee Hindu Temple, Pahapur Mahavihara, Mahasthangarh and Bagerhat Mosque Complex. The Bangladesh sub-projects have three components: infrastructure provision, visitor amenities, and restoration works along the Bangladesh Heritage Highway; strengthening capacities of Department of Archeology (DoA) in archaeology, conservation, planning and site management; and development of tourism marketing.<sup>152</sup>

According to the economic and financial analysis conducted for the project, tourism's contribution to GDP in Bangladesh was predicted by the WTTC to reach 4% (US\$ 6.4 billion) by 2018, in India 6.1% (US\$ 172 billion), and in Nepal 8% (US\$ 1.2 bill). Crucially, however, "to achieve or even surpass these forecasts, the governments will have to address constraints to the tourism industry":

The often-cited tourism development bottlenecks in the three countries include

- (i) difficulties with connectivity and access to the sites,
- (ii) inadequate infrastructure and visitor facilities,
- (iii) insufficient human resources and trained professional staff,
- (iv) relatively weak border crossing infrastructure and systems,
- (v) inadequate basic infrastructure such as water supply and sanitation systems,
- and (vi) limited benefits to surrounding communities.<sup>153</sup>

The analysis further states that "Fostering private sector participation is a vital element of each government's tourism development strategy. Nonetheless, airport upgrading and the provision of public toilets, public footpaths, drainage, and public information centres justify government intervention".<sup>154</sup> For Bangladesh, the net benefit of the project is expected to be about US\$ 16.1 million, compared to US\$ 39.1 million for Nepal and US\$ 52.2 million for India. The reason for the lower benefits is noted in the ADB's analysis:

***The net benefit to Bangladesh is smallest due to its lower income multiplier, which can be traced, in part, to the relatively limited forward and backward linkages of tourism in the country's overall economy compared to India and Nepal.***<sup>155</sup> {emphasis added}

As stated in the project administration manual (PAM) for Bangladesh, "The Department of Archaeology (DOA), Ministry of Cultural Affairs is the Project's executing agency (EA) and implementing agency (IA)", and "A Project Implementing Unit will be formed in Bangladesh Parjatan Corporation (BPC) to undertake tourism marketing and promotion and community participation components".<sup>156</sup> Bangladesh's share of the South Asia Tourism Infrastructure Development Project has three major outputs: Enhanced Connectivity, e.g. improvement of "last mile" connectivity roads to the key destinations on Bangladesh Heritage Highway; Destination Improvements, including conservation of cultural heritage structures and improvements to heritage sites environment and utilities; and Capacity Development, Fostering Community Participation, and Project Management [Annex IX].<sup>157</sup>

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<sup>152</sup> Government of Bangladesh, Department of Archaeology, *Resettlement Planning Document*, as note 151 above, p. 2.

<sup>153</sup> Asian Development Bank, *Report and Recommendation of the President to the Board of Directors, Proposed Loans, Asian Development Fund Grant, and Administration of Loan -- People's Republic of Bangladesh, India, and Nepal: South Asia Tourism Infrastructure Development Project*, October, 2009, p. 57 (available online, at <http://www.adb.org/projects/documents/south-asia-tourism-infrastructure-development-project-0>).

<sup>154</sup> Asian Development Bank, *Report and Recommendation...*, as note 153 above, p. 57.

<sup>155</sup> Asian Development Bank, *Report and Recommendation...*, as note 153 above, p. 59.

<sup>156</sup> Very few details (if any) regarding project implementation are provided on the DOA or BPC websites.

<sup>157</sup> Asian Development Bank, *Project Administration Manual, Bangladesh: South Asia Tourism Infrastructure Development Project*, May, 2010, pp. 4, 6 (available online, at <http://www.adb.org/projects/documents/south-asia-tourism-infrastructure-development-project-bangladesh-pam>). A detailed timeline for implementation of specific project components can be found on pp. 9-11.

## 5 MAXIMIZING TOURISM LINKAGES

"The design of integrated and coherent policies and programmes is a challenge in all countries. In the developing world, the challenge is even greater because relevant information is scarce and the tools for analysing the linkages are often inadequate."<sup>158</sup>

"If a network of relevant stakeholders can be created and if tourism is well managed, tourism can be made into one of the most powerful engines of sustainable development."<sup>159</sup>

### 5.1 How Can Bangladesh's Tourism Linkages be Better Defined and Measured?

The poor availability of statistics in Bangladesh is a major impediment to development of the tourism sector.<sup>160</sup> As emphasized by UNWTO Secretary-General Taleb Rifai in the foreword to the 2014 edition of the *Yearbook of Tourism Statistics*, "Decision making requires reliable information to guide adequate policies and development strategies".<sup>161</sup> The *Yearbook* presents highly useful details of inbound tourism related data (total arrivals and overnight stays), broken down by country of origin; **data on Bangladesh, however, are inexplicably entirely missing** (together with Afghanistan in the South Asia region).

The situation is somewhat better for the UNWTO *Compendium of Tourism Statistics*, "which provides data and indicators on inbound, outbound and domestic tourism, as well as on the number and types of tourism industries, the number of employees by tourism industries, and macroeconomic indicators related to international tourism". In this case a limited amount of information has been provided to the UNWTO by the Bangladesh Parajatan Corporation (BPC), but nonetheless **entire categories of data are missing**, e.g. for domestic tourism and employment.<sup>162</sup> Within the remaining categories, entries are often missing, especially for the most recent years (2011 and 2012).

At the national level, visits to the websites of the MoCAT, BPC, BTB and BOI for statistical information are also highly disappointing.<sup>163</sup> For the MoCAT, the only tourism statistics presented are for Foreign Visitors Arrival by Months, with 2007 as the most recent year available.<sup>164</sup> On the BPC and BTB websites, the most recent data is limited to Foreign Exchange Earnings from Tourism & Other Travels for 2010, with additional data available for 2009 (BPC) on Visitors Arrival by Purpose of Visit, Outbound Travels by Purpose of Visit, and Foreign Visitors Arrival by Months.<sup>165</sup> On the BOI website, no tourism statistics appear to currently be available.<sup>166</sup> By contrast, some useful information can be found in the publications from the ADB and others, e.g.:

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<sup>158</sup> Jarvis, et. al., *Assessing Green Jobs Potential in Developing Countries: A practitioner's guide*, as note 101 above, p. v.

<sup>159</sup> Dr. Tom Selännemi, Senior Advisor, TOI, Sustainable Solutions Director, Fairtourist, *OECD Workshop on sustainable development strategies and tourism*, 18 June 2010, Paris (presentation available online, at <http://www.oecd.org/cfe/tourism/workshoconsustainabledevelopmentstrategiesandtourism.htm>).

<sup>160</sup> Together with other major impediments such as a frequent lack of transparency, as reflected in the evident unavailability of essential tourism information. It must be highlighted, however, that these impediments affect Bangladesh's economy in many sectors, not only tourism.

<sup>161</sup> World Tourism Organization (UNWTO), *Yearbook of Tourism Statistics*, Data 2008 – 2012, 2014 Edition Madrid, Spain, p. iii.

<sup>162</sup> World Tourism Organization (UNWTO), *Compendium of Tourism Statistics*, Data 2008 – 2012, 2014 Edition Madrid, Spain, pp. 36-37. Other regional LDCs, i.e. Bhutan and Nepal, by contrast provide significantly more tourism information (pp. 52-53 and 273-274, respectively).

<sup>163</sup> In this regard, see also Azizul Hassan & Peter Burns, *Tourism Policies of Bangladesh—A Contextual Analysis*, as note 19 above, p. 2.

<sup>164</sup> Government of Bangladesh, Ministry of Civil Aviation and Tourism (MoCAT), website, *Tourism Statistics*. Accessed at [http://www.mocat.gov.bd/tourism\\_statistics.php](http://www.mocat.gov.bd/tourism_statistics.php) on 1 August 2014.

<sup>165</sup> Government of Bangladesh, Bangladesh Tourism Board (BTB), website, *Statistics* (accessed at <http://tourismboard.gov.bd/publications/statistics/> on 1 August 2014), and Government of Bangladesh, Bangladesh Parajatan Corporation (BPC), website, *Tourism Statistics* (accessed at [http://www.parjatan.gov.bd/index.php/en/component/tourism/?view=page&layout=sub\\_menu&sub\\_menu\\_id=60&Itemid=282](http://www.parjatan.gov.bd/index.php/en/component/tourism/?view=page&layout=sub_menu&sub_menu_id=60&Itemid=282) on 1 August 2014).

<sup>166</sup> The BOI website, as also already mentioned, does not include tourism among its Potential Sectors for investment. Services are listed as one of the categories for statistics on sectorwise local investment, without specific details for tourism (Government of Bangladesh, Prime Minister's Office, Board of Investment, website. Accessed at <http://www.boi.gov.bd/index.php/component/content/article/59-latest-news/142-statistics-of-investment-registered-with-boi#> on 1 August 2014).

The Paharpur World Heritage Site received 92,863 visitors in 2006, up by 26% from 2005. The Buddhist site of Mahastangarh received a total of 125,840 visitors in 2006 while the historic mosque at Bagerhat had over 60,000—both down by 2% from the previous year.<sup>167</sup>

Attempts to understand the overall economic impact of tourism on the Bangladesh economy are similarly frustrating. According to World Travel & Tourism Council (WTTC), estimates, for example, the direct contribution of Travel & Tourism was 2.1% of total GDP in 2013, while the total contribution was 4.4% of GDP, with tourism directly supporting 1.3 million jobs (1.8% of total employment) and the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry, being 3.8% of total employment (2.8 million jobs).<sup>168</sup> Efforts to verify such estimates, however, appear to be very difficult, due to data unavailability.<sup>169</sup> As stated in the 6th *Five Year Plan*, "Unfortunately the lack of data makes it very difficult to understand the role of SMEs, especially the small industrial enterprises."<sup>170</sup> As further noted in the IMF/IDA *Joint Staff Advisory Note on the Poverty Reduction Strategy Paper* with regard to employment:

**Reliable data on the labor force also remains scarce.** This adversely affects the analysis of the supply- and demand-side constraints to generating more and better jobs. **Not only do these data constraints limit the monitoring of progress under the SFYP but also curtail the ability of the Government to design appropriate policies to reduce poverty.**<sup>171</sup> {emphasis added}

Surprisingly, considering the evident lack of basic statistics, news media have reported that Bangladesh will be introducing a tourism satellite account (TSA).<sup>172</sup> Bangladesh has been participating in technical assistance for capacity building in statistics, for example at a UNSD/APEC/ASEAN International Seminar on Trade and Tourism Statistics, held in Jakarta, Indonesia in October 2013.<sup>173</sup> Detailed technical information on the compilation of tourism statistics is freely available on the UNWTO website.<sup>174</sup> Under the Paris 21 programme, Bangladesh is reported as receiving the largest share of technical assistance for statistics in 2013.<sup>175</sup> In addition, according to the IMF:

A new Statistics Law was approved by Cabinet and submitted to Parliament in July 2012. The Bangladesh Bureau of Statistics (BBS), working with the World Bank, is expected to finalize a National Strategy for the Development of Statistics by mid-2013, which will anchor TA and capacity building needs going forward.<sup>176</sup>

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<sup>167</sup> Asian Development Bank, *Report and Recommendation...*, as note 153 above, Supplementary Appendix F, p. 1.

<sup>168</sup> WTTC, *Travel & Tourism Economic Impact 2014*, as note 88 above, p. 1. The WTTC further estimates that visitor exports generated 0.5% of total exports in 2013, and that travel & tourism investment in Bangladesh in 2013 was 1.5% of total investment.

<sup>169</sup> See also Mohiuddin Helal, *Observations on Development of Tourism Sector in Bangladesh*, as note 89 above.

<sup>170</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 107.

<sup>171</sup> International Monetary Fund, Bangladesh, *Joint Staff Advisory Note on the Poverty Reduction Strategy Paper*, IMF Country Report No. 13/62, March 2013, pp. 7-8.

<sup>172</sup> Bangladesh National News Agency, website, *Bangladesh to introduce Tourism Satellite Account*, July 18, 2013. Accessed at <http://www.bssnews.net/newsDetails.php?cat=0&id=345833&date=2013-07-18> on 1 August 2014. The website article quotes MoCAT minister Faruk Khan as saying it was unfortunate that concerned agencies have failed to cooperate with each other to provide tourism related information: "Concerned agencies related to tourism should not blame each other with regard to providing information," he said adding that special branch and other departments including BB and BBS should work together".

<sup>173</sup> See United Nations Statistics Division (UNSD), website, *International Seminar on Trade and Tourism Statistics*. Accessed at <http://unstats.un.org/unsd/trade/events/2013/jakarta.asp> on 23 July 2014.

<sup>174</sup> See, for example, UNWTO, International Recommendations for Tourism Statistics 2008, *Compilation Guide*, Madrid, 2014 (available online, at <http://statistics.unwto.org/content/international-recommendations-tourism-statistics-2008-irts-2008-compilation-guide>).

<sup>175</sup> Paris 21, *Partner Report on Support to Statistics*, December 2013 (available online on Paris 21 website at <http://www.paris21.org/>).

<sup>176</sup> IMF, *Bangladesh: First Review Under the Three-Year Arrangement Under the Extended Credit Facility and Request for Waiver of Nonobservance of a Performance Criterion—Staff Report, Staff Statements and*

On the BBS website, in the report *National Strategy for the Development of the Statistics (NSDS)*, the Compilation of Tourism Satellite Accounts is listed among the Strategic Actions to be undertaken, with 20% to be completed by June 2014 and 100% by 2016.<sup>177</sup> Otherwise, searches on the BBS website for "tourism" and "TSA" bring the response "Sorry, nothing is found".<sup>178</sup> Surprisingly, within the BBS report, there are no references to the MoCAT, BPC or BTB.

## 5.2 Tourism Value Chain and Cluster Analyses

In the absence of comprehensive tourism data from a tourism satellite account (TSA), cluster and value chain analyses can be excellent starting points, and have additional benefits in themselves.<sup>179</sup> Advantages include the identification of impediments and inefficiencies, as well as clarifying options for increasing employment and overall economic returns.<sup>180</sup> At the 4<sup>th</sup> Global Review of Aid for Trade held at the WTO in July 2013, tourism value chains were one of the five main themes for discussion.<sup>181</sup> Major tourism impediments for LDCs [**Annex X**], as highlighted in a background report, included:

LDC suppliers identified low labour skills (62%) as the biggest operational difficulty they face. Quality of the business environment is one of the major determinants of success in nurturing a flourishing tourism industry. Both LDC suppliers (46%) and lead firms (44%) cited a poor business environment as a major difficulty for firms' operating in the tourism value chain. Similarly, access to finance has been cited by LDC suppliers (38%) as well as by over half the lead firms (52%).<sup>182</sup>

Tourism value chains and sectoral linkages [e.g. **Figure 2**] have been analysed only to a limited extent within Bangladesh, and much further work is arguably required. Perhaps the most extensive analysis is found in the *Integrated Resources Management Plans for the Sundarbans (IRMP)*, including the Summary of Main Prescriptions: Eco-Tourism Programs [**Annex XI**].<sup>183</sup> In discussing livelihood opportunities, for example, the IRMP report states that "Additional benefits need to be mobilized through livelihoods activities including conservation-linked value chain development and alternative income generation activities that will generate both wage and self-employment opportunities".<sup>184</sup>

Regarding tourism specifically, the IRMP study carefully analyzes the current constraints, determining that "Almost all the destination sites such as Karamjol, Kochikhali and Katka are experiencing overcrowding and being overrun with tourists and the infrastructure is limited in many such places or non-existent in other places":

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*Supplement; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Bangladesh*, IMF Country Report No. 13/61, March 2013, p. 20.

<sup>177</sup> Bangladesh Bureau of Statistics, *National Strategy for the Development of the Statistics (NSDS): A road map for the statistical development*, pp. 43, 111 (available online, at <http://www.bbs.gov.bd/WebTestApplication/userfiles/NSDS.pdf>).

<sup>178</sup> Bangladesh Bureau of Statistics, website, *Searches related to 'tourism satellite account'*. Accessed at <http://www.bbs.gov.bd/PageSearchContent.aspx?key=tourism%20satellite%20account> on 1 August 2014.

<sup>179</sup> References to value chains have already been made in this working paper in [**Box 2** (p. 12)].

<sup>180</sup> See, Honeck, *LDC Export Diversification*, as note 5 above.

<sup>181</sup> WTO, website, *Fourth Global Review of Aid for Trade: "Connecting to value chains"*. Accessed at [http://www.wto.org/english/tratop\\_e/devel\\_e/a4t\\_e/global\\_review13\\_e.htm](http://www.wto.org/english/tratop_e/devel_e/a4t_e/global_review13_e.htm) on 23 July 2014.

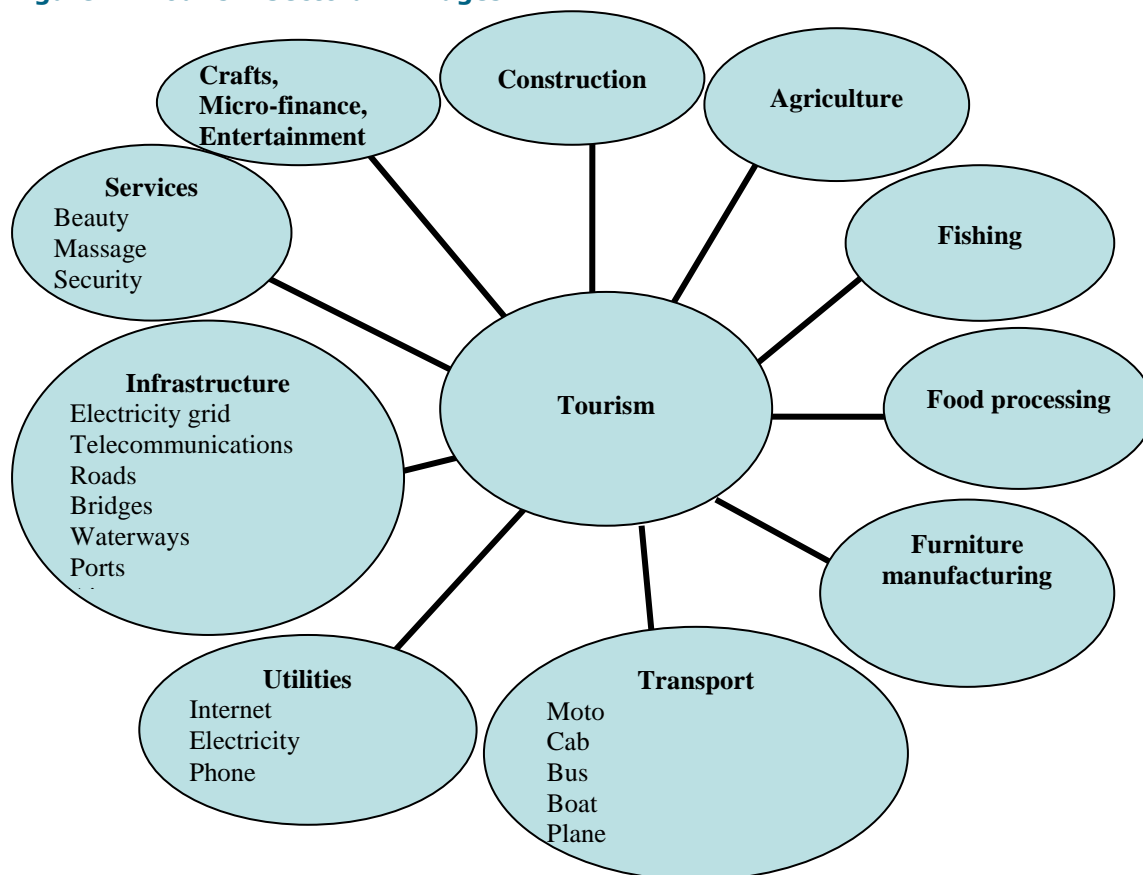
<sup>182</sup> WTO/OECD, *Connecting Least-Developed Countries to Value Chains*, as note 73 above, p. 39. "The OECD-WTO survey examined the private sector operating in the tourism sector, including LDC suppliers and lead firms, to identify the obstacles that hinder LDC suppliers entering the tourism value chains". The report further noted that "Successful development of a tourism sector is closely linked to the quality and availability of infrastructure, including accessibility of the country and tourist destinations within the country. Poor airport and port capacity and infrastructure have been cited by LDC suppliers (38%) and lead firms (35%) in bringing LDC suppliers to a tourism value chain. Interestingly, 23% of LDC suppliers mentioned official travel advice of foreign governments as a major operational difficulty indicating the importance of security and risk in the tourism sector".

<sup>183</sup> Government of Bangladesh, *Integrated Resources Management Plans for the Sundarbans*, as note 137 above, pp. 199-255. A similar analysis is found in the IPAC Teknaf study, and to a more limited extent in the UNESCO Paharapur study.

<sup>184</sup> Government of Bangladesh, *Integrated Resources Management Plans for the Sundarbans*, as note 137 above, p. 152.

**Demand for eco-tourism sites is increasing rapidly but a very limited supply of destinations is hindering visitation. Many sites have reached their resource capacity and plants and animals are being affected adversely.** Current strength of the FD {Forest Department} field staff is unable to control/manage current visitor use as they are not trained to deal with tourists.<sup>185</sup> **{emphasis added}**

**Figure 2: Tourism Sectoral Linkages**



Source: ILO, Dain Bolwell and Wolfgang Weinz, *Reducing Poverty through Tourism*, WP.266, International Labour Office, Geneva, October 2008, p. 23.

One of the elements of the ADB South Asia Tourism Infrastructure Development Project, as noted in [Annex IX], is to *Undertake value chain analyses to establish stronger links between tourism and local economies*, as part of Fostering Community Participation.<sup>186</sup> According to a project document, "A qualified NGO and or MFI {microfinance institution} with demonstrated understanding of pro-poor tourism development will be selected and recruited by BPC", and "The NGO and or MFI will undertake the following tasks: ...Perform a value-chain analysis of micro- and small enterprises in the areas to benefit from the proposed tourism development".<sup>187</sup> Unfortunately, there is apparently no information available (on the BPC website or elsewhere) about the implementation of the agreed VCA (or even the ADB project in general).<sup>188</sup>

<sup>185</sup> Government of Bangladesh, *Integrated Resources Management Plans for the Sundarbans*, as note 137 above, p. 228.

<sup>186</sup> Recent examples of VCAs of tourism in other LDCs include the work of the ITC in Uganda and Laos. For Uganda, the study can be found on the Visit Uganda website (Dr. Frederic Thomas, Mrs. Grace Barya, Mr. Celestine Katongole, *Uganda Inclusive Tourism, Opportunity Study, Inclusive Tourism Programme*, International Trade Centre, 2011 (available online, at [http://www.visituganda.com/information-centre/research/files/ITC\\_Opportunity\\_study\\_Uganda.pdf](http://www.visituganda.com/information-centre/research/files/ITC_Opportunity_study_Uganda.pdf)).

<sup>187</sup> Asian Development Bank, *Report and Recommendation...*, as note 153 above, Supplementary Appendix F, pp. 5-6.

<sup>188</sup> This is despite the fact that "For the entire duration of the Project, the Borrower shall maintain a National Project Steering Committee (NPSC) comprising representatives from MoCAT; MoCA; DOA; BPC;"

With regard to cluster analyses, the authors are unable to find significant evidence of work on tourism in Bangladesh, other than the IRMP and the IPAC Teknaf study.<sup>189</sup> However, the *Fourth National Report* of the Ministry of Environment and Forests to the CBD does note relevant factors that should be included in tourism analyses. In highlighting the major threats or drivers of biodiversity loss in Bangladesh, the report lists "Economic systems and policies that fail to value environment and its resources", as well as "Inequality of ownership, management and flow of benefits from both the use and conservation of biological resources".<sup>190</sup>

The 2009 IPAC Teknaf study proposed an ecotourism management planning process to create an ecotourism plan for the Himchari National Park, the proposed Inani National Park, the Teknaf Game Reserve, and Sonadia and St. Martin's Islands. According to the report, "there are no active provisions for the environmental planning or management of tourism on the Teknaf Peninsula according to local authorities".<sup>191</sup> As the Teknaf study further highlighted:

***Hundreds of thousands of tourists are now flooding St. Martin's with unmanaged tourism rapidly damaging its landscape and unique coral reef. Illegal land use practices on the peninsula are continuing to threaten the few natural assets remaining upon which ecotourism depends. And overdevelopment of Cox's Bazar is leading to the potential of damaging development along the entire Teknaf coastline.***<sup>192</sup> {emphasis added}

Significant technical resources for conducting cluster analyses (and VCAs) are freely available from multiple sources. For example, the Inter-American Development Bank publication *Evaluating the Impact of Cluster Development Programs* highlights that:

***Economies of agglomeration and clustering are particularly relevant in the tourism industry.*** By definition, this industry is geographically concentrated, due to its dependence on the natural and/or cultural attractions of a specific region. In addition, ***the strong complementarity of its products and the services it provides boosts the effect of the industry's externalities, making the coordination among local agents even more critical.***<sup>193</sup> {emphasis added}

At the university level in Bangladesh, little comprehensive tourism research appears to be currently underway. For example, in addition to further analysis of the tourism potential of Bangladesh's World Heritage sites, another promising area of research could be the country's proven potential for sports tourism, as demonstrated by successfully staging the ICC World

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(Asian Development Bank, *Loan Agreement for South Asia Tourism Infrastructure Development Project (Bangladesh portion) between People's Republic of Bangladesh and Asian Development Bank*, 7 December 2009, p. 15. Available online, at <http://www.adb.org/projects/documents/loan-agreement-south-asia-tourism-infrastructure-development-project-bangladesh-p>.)

<sup>189</sup> A limited exception might be the study for the Paharpur World Heritage Site, which includes a "Proposed Cluster for tourism" in terms of suggested tourism itineraries (*Training & Capacity Building For Long-term Management....*), as note 145 above, p.117.

<sup>190</sup> Government of the People's Republic of Bangladesh, Ministry of Environment and Forests, *Fourth National Report to the Convention on Biological Diversity*, January 2010, p. ix.

<sup>191</sup> Integrated Protected Co-Management (IPAC), *Teknaf Peninsula Community-Based Ecotourism Strategy*, USAID Bangladesh, April 24, 2009, p. 15 (available online, at [http://eplerwood.com/beta/images/Teknaf\\_Peninsula\\_Community-based\\_Ecotourism\\_Strategy\\_2009.pdf](http://eplerwood.com/beta/images/Teknaf_Peninsula_Community-based_Ecotourism_Strategy_2009.pdf)). The report further states "This vacuum of authority leaves the peninsula substantially at risk for uncontrolled development."

<sup>192</sup> IPAC, *Teknaf ...*, as note 191 above, p. 4. According to a recent media report, "Overall, the sanctuary is still suffering from encroachment, illegal removal of forest produces, and conversion of the current land use in an unplanned way. Climate change refugees from the neighboring Arakan (the Rohingyas) have migrated to the area around TWS {Teknaf Wildlife Sanctuary} imposing a greater threat to its sustainable maintenance. Lack of adequate employment and the ever increasing populations also have their added effect on the TWS". Star Insight, *Guardians of a Sanctuary*, Volume 7, Issue 04, February 23, 2013 (available online, at <http://archive.thedailystar.net/starinsight/2013/02/03/cover.htm>).

<sup>193</sup> Inter-American Development Bank, *Evaluating the Impact of Cluster Development Programs*, Elisa Giuliani, Alessandro Maffioli, Manuel Pacheco, Carlo Pietrobelli and Rodolfo Stucchi, 2013, p. 7.

Twenty20 cricket competition.<sup>194</sup> Indeed, much of the academic tourism analysis concerning Bangladesh appears to be occurring outside the country, including work by Bangladeshi students at universities abroad.<sup>195</sup> One of the few available analyses of this topic has observed that:

The number of studies in the tourism sector of Bangladesh in comparison with the global volume is very insignificant and almost all of these studies with a few exceptions focused on descriptive analysis of the industry.<sup>196</sup>

### 5.3 Growing Both Tourism Markets and Tourism Linkages

Obviously, one of the first steps in expanding Bangladesh's tourism markets and tourism linkages is to focus on eliminating the major impediments, including those identified in the 6th *Five Year Plan*. Unfortunately, progress appears difficult to monitor, as there does not yet seem to be sufficient efforts by the MoCAT, BPC, BTB or other government entities to report specifically on the eight impediments listed in [Table 3 (p. 7)], or to evaluate on an annual basis overall implementation of the tourism-related elements in the 6th *Five Year Plan* [Annex III], the *National Tourism Policy 2010* [Annex IV], or the IMRP [Annex XI].<sup>197</sup> At the same time, Bangladesh's private sector and NGO-related tourism entities do not seem to be well-enough organized to lobby the government effectively (see Part 6.2).

Because it inhibits severely the necessary discussions to determine the best mechanisms for implementation, the lack of publicly available information (including statistics) is undoubtedly the greatest immediate impediment to the achievement of Bangladesh's tourism potential.<sup>198</sup> The fact that Bangladesh does have substantial unrealized tourism potential should not be disputed. For example, as stated in the *IRMP*, "In view of huge demand, from wealthy domestic population, it is feasible to rapidly increase visitation to the Sundarbans":

But a careful planning is needed about the type of tourists being attracted and the ensuing visitor management and minimum facilities required, building public-private partnerships with FD and private tour operators, providing security to visitors, ensuring flow of benefits to local community, and identifying and promoting flagship attractions such as the Royal Bengal Tigers in the world's largest mangrove forests.<sup>199</sup>

Regarding the first of the eight tourism impediments listed in the 6th Five Year Plan, **Inadequate allocation of funds in the National Budget**, it is highly understandable that other budget areas would be of higher immediate priority than tourism (in general). Nonetheless, for reasons that do not seem entirely clear, the bigger issue appears to be very low levels of actual spending, rather than initial budget allocations [Chart 5].<sup>200</sup> One practical response is to increase actual spending as part of implementing such major government priorities as export promotion, SMEs, RFAs, rural and regional development, gender equity, etc. Equally (or even more) important, however, is to

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<sup>194</sup> ICC World Twenty20, *Bangladesh 2014*, website. Accessed at <http://www.icc-cricket.com/world-t20> on 4 August 2014.

<sup>195</sup> For example, Md. Azizur Rahman, *Application of GIS in Ecotourism Development: A case study in Sundarbans, Bangladesh*, A Masters Thesis Presented to Mid-Sweden University, June 2010.

<sup>196</sup> Dr. Mohammed Javed Hossain, Farzana Sharmin Chowdhury, Rashed Ahmed, *Status of Tourism Research in Bangladesh: A Review of Literature*, BANGLADESH RESEARCH FOUNDATION JOURNAL, Vol.1, No.1, February 2012, p. 200 (available online, at <http://researchfoundbd.org/images/Article.pdf#page=210>).

<sup>197</sup> The MoCAT website does, however, include an *Annual Report 2011-2013* (in Bangla) <http://www.mocat.gov.bd/reports.php>, as well as a listing in English of Achievements and Major Development Activities from 2009 to 2013 (as note 44 above).

<sup>198</sup> Examples of useful debates in English on tourism in Bangladesh can be found on the website of *Views On Tourism - Bangladeshi network and discussion* (via LinkedIn member group). Accessed at [http://www.linkedin.com/groups?home=&gid=1968347&trk=anet Ug hm&goback=%2Egde\\_1968347\\_member\\_5852951731461201923%2Egmr\\_1968347](http://www.linkedin.com/groups?home=&gid=1968347&trk=anet Ug hm&goback=%2Egde_1968347_member_5852951731461201923%2Egmr_1968347) on 23 July 2014.

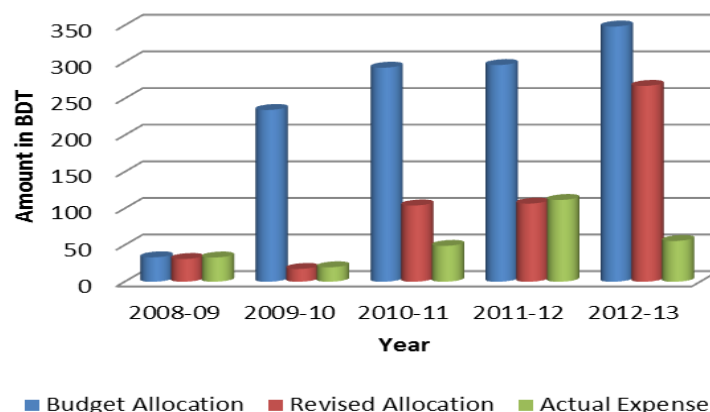
<sup>199</sup> Government of Bangladesh, *Integrated Resources Management Plans for the Sundarbans*, as note 137 above, p. 199. Similar statements can, of course, be made about many other tourism sites in Bangladesh.

<sup>200</sup> See, for example, Government of the People's Republic of Bangladesh, Ministry of Finance, Budget 2014-2015, *Ministry of Civil Aviation and Tourism, Medium Terms Expenditure*, pp. 667-673 (available online, at [http://www.mof.gov.bd/en/budget/14\\_15/mtbf/en/MBF\\_53\\_Civil%20Aviation\\_English.pdf](http://www.mof.gov.bd/en/budget/14_15/mtbf/en/MBF_53_Civil%20Aviation_English.pdf)). Unfortunately, explanations for the lower levels of actual tourism spending -- despite the inclusion of tourism projects under "Priority Spending Areas/Programmes" -- do not seem to be publicly available.



greatly expand efforts to encourage tourism-related investments by the private sector, including PPP. It is inexplicable to the authors that PPP in Bangladesh for tourism is currently limited to two hotel projects near Cox's Bazar,<sup>201</sup> when so many arguably more important areas for PPP have been identified in the Sundarbans, Paharapur, and many other existing and potential tourism sites in Bangladesh.

**Chart 5: Allocation for Ministry of Civil Aviation and Tourism in the National Budget**



Source: Government of the People's Republic of Bangladesh, Ministry of Finance.

For the second impediment, **Inadequate infrastructure facilities**, the arguments are similar. There is an evident need to specifically link tourism to national infrastructure plans, in connection with other higher-priority government objectives as noted above. As highlighted in [Box 6] on Barisal, this does not seem to have significantly occurred to date. "Dual use" infrastructure (i.e. useful for both tourism and overall economic development) should be the major focus for PPP in tourism, with a wide range of potential projects in multiple locations (and especially in Bangladesh's "lagging regions") being promoted by BPC, BTB and other tourism stakeholders.<sup>202</sup> To date, however, publicly available information on potential PPP and other tourism investments appears to be minimal.

Regarding the **Lack of modern and adequate recreation and tourist facilities**, the third impediment, the evident response is to more strongly encourage both domestic and foreign private investment. Expectations that BPC will be able to adequately address this issue, with its limited financial allocations, are not realistic.<sup>203</sup> Regrettably (as emphasized in Part 2), the BOI does not include tourism as a featured investment sector on its website.<sup>204</sup> Also, the domestic business climate for tourism investment has been rather poor, due to recent political violence and various regulatory impediments. Part of the solution should be to encourage facilities investment by tourism-related SMEs, for example in Barisal [Box 6], and as part of the rural development programmes highlighted in Part III [Annex VI].

Concerning the **Negative image of the country abroad**, reports of natural disasters, extreme poverty, and political violence in Bangladesh, as presented in the international media and domestically, are undoubtedly the leading causes. Consequently, it will not be an easy issue to

<sup>201</sup> See Part 2 above. Current budgetary targets for new tourism PPP projects are listed as only one or two projects per year (Ministry of Finance, Budget 2014-2015, *Ministry of Civil Aviation and Tourism*, as note 200 above, p. 671).

<sup>202</sup> See Honeck, *LDC Export Diversification*, as note 5 above, with regard to the concept of "dual use" infrastructure.

<sup>203</sup> At the same time, the apparent practice of requiring government entities to return tourism revenues to the finance ministry should be at least partially reconsidered to permit essential investment in facilities, etc. For example, as stated in the IRMP, "The barrier to generating more revenue for conservation is clear, and well-known. The FD {Forest Department} presently submits all entry fee revenue to central treasury and the approved entry fee policy has not yet been implemented in the Sundarbans" (Government of Bangladesh, *Integrated Resources Management Plans for the Sundarbans*, as note 137 above, p. 212).

<sup>204</sup> As already noted, tourism investment information on the MoCAT, BPC and BTB websites is also not sufficient.

address in the short-term, and will depend on greatly improving the communications system (as noted below), as well as greater restraint on the part of political leaders with regard to declaring hartals, etc. Ironically, successfully expanding international tourism into Bangladesh is arguably one of the best strategies for improving the country's international image!

Regarding the **Lack of human resources in the tourism sector**, the obvious response is to greatly expand tourism training, especially in rural area (see **Part 5.4**), including training programmes by NGOs and the private sector.<sup>205</sup> An important aspect of this, which links to the government's "Digital Bangladesh" priorities, would be to make online tourism training more easily available, including materials which are freely available on the ILO website and elsewhere.<sup>206</sup> Arguably, the nationwide tourism facilities of the BPC should be converted into local and regional training facilities, rather than concentrating training in only one location in the capital. Government-owned luxury hotels, including the Pan Pacific Sonargaon Hotel, Dhaka and the Dhaka Sheraton Hotel,<sup>207</sup> could presumably be given a greater role in expanding the supply of well-trained Bangladeshis to work abroad, as sites for high-level training and internships.

Concerning **Visa problems**, progress has been made with the introduction of visa on arrival for business visitors, but this benefit has not yet been extended to most tourists.<sup>208</sup> Of equal or greater impact (and also linking to the government's "Digital Bangladesh" priorities) would seem to be introduction of an Australian-type low-cost, easy to use online tourism visa application.<sup>209</sup> Other possibilities include regional tourism visa schemes, especially in connection with the ADB South Asia Tourism Infrastructure Development Project and other cross-border tourism initiatives.

**Lack of foreign direct investment** has already been discussed in **Part 2** and elsewhere in this working paper. The failure to provide tourism investment information on the BPC, BTB and BOI websites, together with the underdeveloped communication system (as discussed below) and rather poor investment climate, must be quickly addressed. Much greater effort also needs to be made to implement the tourism objectives in the 6th *Five Year Plan* (e.g., the statement that private investment will be encouraged to develop sustainable tourist facilities in Rangamati, Bandarban, Khagrachari, Cox's Bazar, Sylhet and Kuakata).<sup>210</sup> Arguably, the BOI, BTB, BPC and perhaps MoCAT websites – as well as the private-sector tourism association websites – should be advocating both tourism FDI and domestic tourism-related investments by suggesting specific nationwide investment opportunities and helping to facilitate "one-stop" service for tourism investors.

Concerning **Underdeveloped communication system**, the last of the eight impediments listed in [Table 3 (p. 7)], the requirement for greater transparency and improved data availability has been frequently noted in this working paper. Closely related is the urgent need for better policy

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<sup>205</sup> Unfortunately, "Only 9 universities including public & private and around 15 institutes are offering tourism Graduation, Diploma and Short courses in Bangladesh. Most of the department of universities and institutions are not well equipped except NHTTI. Curriculums are not need based. There is big gap between institute and industries. Employers are not well connected with institutes for development of curriculum, way of training, industrial attachment and Apprenticeships". Mohiuddin Helal, *Observations on Development of Tourism Sector in Bangladesh*, as note 89 above, p. 2.

<sup>206</sup> As an example of online resources, see ILO, *Toolkit on Poverty Reduction through Tourism*, International Labour Office, ILO, 2011 (available online, at [http://www.ilo.org/wcmsp5/groups/public/---ed\\_dialogue/---sector/documents/instructionalmaterial/wcms\\_162289.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/instructionalmaterial/wcms_162289.pdf)).

<sup>207</sup> <http://www.mocat.gov.bd/hotelint.php>, <http://www.mocat.gov.bd/bngservice.php>.

<sup>208</sup> Government of Bangladesh, Bangladesh Tourism Board (BTB), *Visit Bangladesh*, website, *Bangladesh invites business travellers with VoA*. "The new facility is available to citizens of the US, Canada, Australia, Russia, China, Japan, Singapore, Malaysia, South Korea, the United Arab Emirates, Saudi Arabia, Qatar, Kuwait, Oman, Bahrain and the European Union countries" (accessed at <http://www.visitbangladesh.gov.bd/NewsBang.php> on 1 August 2014). (General visa information is available at <http://www.visitbangladesh.gov.bd/visaFormality.php>.)

<sup>209</sup> Australian Government, *Visitor visa online applications*, Australian Customs and Border Protection Service (accessed at <http://www.immi.gov.au/Services/Pages/visitor-visa-online-applications.aspx> on 1 August 2014). Asian Development Bank, *Report and Recommendation...*, as note 153 above, Supplementary Appendix F, p. 1 notes that "Bangladesh does not seem to be popular with backpackers and budget tourists due to visa formalities and perceived difficulties of travel".

<sup>210</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, pp. 160-161. See **Part 2** above, p. 19.

coordination, including more frequent meetings of the National Tourism Council<sup>211</sup> and subsidiary bodies, as well as better delineation of responsibilities and the monitoring and publicizing of results, for example in implementing the tourism and services-related objectives of the 6th *Five Year Plan* and the *Export Policy 2009-12* [Table 12].<sup>212</sup> The failure to provide tourism investment information on the BPC, BTB and BOI websites must be remedied quickly, and greater investment in professional tourism marketing is evidently required, including by the private sector. Indeed, as noted in the ICTSD study *Evaluating Aid For Trade on the Ground: Lessons from Bangladesh*,:

In matters of trade, coordination between the MoI, the MoC, and the Ministry of Foreign Affairs, as well as coordination between the MoF's ERD, the MoC's WTO Cell, and the WTO is weak. Multiple interviewees pointed out the ambiguity of ministerial roles and the proliferation of institutions and redundant roles, such as the high number of authorities overseeing economic zones.<sup>213</sup>

**Table 12: Export Policy 2009-12, Export of Services**

- *Export Promotion Bureau will prepare a comprehensive plan of action in coordination with the concerned departments/institutions and take necessary steps for augmenting export in the service sector;*
- *Export Promotion Bureau will take initiatives for maintaining export statistics of service sector in parallel with that of goods;*
- *Steps will be taken to enhance the capacity of Bangladesh Missions abroad to promote export in the service sector;*
- *A committee named "Service Export Development Coordination Committee" headed by the Vice Chairman, Export Promotion Bureau and represented by the concerned service sectors will be constituted to coordinate the activities of export promotion in service sectors.*
- *Different service sector specific Business Promotion Councils will be constituted.*

*Source:* Government of The People's Republic of Bangladesh, Ministry of Commerce, *Export Policy 2009-12*, paras 6.1-6.5.

The tourism community in Bangladesh is both wide-ranging and complex, but also highly fragmented, making good communication and policy coordination both essential and quite difficult. Judging from the limited information available on their websites, most tourism associations in Bangladesh appear to be both small and not well-financed. At the same time, the academic study of tourism is evidently in a similar situation. Consequently, significantly greater investment in the dissemination of tourism information, policy coordination and academic analysis – perhaps as part of Bangladesh's Aid for Trade projects (see **Part 6**) – would appear to be essential.

With regard to tourism marketing, the *Visit Bangladesh* website<sup>214</sup> is an obvious improvement, and it seems a waste of resources to maintain duplicate information on other government websites, rather than simply creating a link. Instead, the resources saved by eliminating duplication could be used to further improve the *Visit Bangladesh* website.<sup>215</sup> Overall, much greater effort and creativity in Bangladesh's tourism marketing will evidently be required (**Part 6.D**), as much of the

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<sup>211</sup> See Md. Shoaib Akhtar, Dr. Mojib U Ahmed, Mohammad Farhad, Samina Ali, *Tourism Bangladesh: Opportunities and Challenges*, as note 23 above, p. 1.

<sup>212</sup> As noted in fn 32, the *Export Policy 2012-15*, published by the Ministry of Commerce, newly added *Tourism Industry* to the list of highest priority sectors for export diversification. In addition, according to the previous *Export Policy 2009-12* [Table 13], "A committee named "Service Export Development Coordination Committee" headed by the Vice Chairman, Export Promotion Bureau and represented by the concerned service sectors will be constituted to coordinate the activities of export promotion in service sectors". According to information received by the authors, however, the Export Promotion Bureau does not currently work on services, due to lack of expertise and capacity.

<sup>213</sup> Khatun, Fahmida; Samina Hossain; Napoleon Dewan; *Evaluating Aid For Trade on the Ground: Lessons from Bangladesh*, as note 75 above, p. 25.

<sup>214</sup> Government of Bangladesh, Bangladesh Tourism Board (BTB), *Visit Bangladesh*, website. Accessed at <http://www.visitbangladesh.gov.bd/index.php> on 1 August 2014.

<sup>215</sup> As an example of a page which could undoubtedly benefit from having more information, see Government of Bangladesh, Bangladesh Tourism Board (BTB), *Visit Bangladesh*, website, *Kuakata* (accessed at <http://www.visitbangladesh.gov.bd/kuakata.php> on 1 August 2014).

tourism information currently appears to be of mediocre quality (or often unavailable). In this regard, Sri Lanka's *Tourism Development Strategy 2011-2016* might be a useful example for Bangladesh [Box 7]. According to information obtained by the authors, a National Plan for Tourism Development and Marketing Activities by BPC and BTB, with cooperation from the Ministry of Civil Aviation and Tourism, has been newly published in Bangla [Annex XII].<sup>216</sup>

#### Box 7: Sri Lanka's Tourism Development Strategy 2011-2016

##### Key objectives

The Government recognises the multiplier effect of tourism development in creating employment opportunities and distribution of wealth through a variety of economic activities predominantly in the SME sector, taking the advantage of SMEs being able to link micro enterprises from one side and large scale corporate sector on the other side.

Some of the key objectives to be achieved through the 5 year strategy are as follows:

1. Increase tourist arrivals from 650,000 in 2010 to 2.5 Mn by 2016.
2. Attract USD 3,000 Mn as Foreign Direct Investment (FDI) to the country within 5 years.
3. Increase the tourism related employment from 125,000 in 2010 to 500,000 by 2016 and expand tourism based industry and services all island.
4. Distribute the economic benefits of tourism to a larger cross section of the society and integrate tourism to the real economy.
5. Increase the foreign exchange earnings from USD 500 Mn in 2010 to USD 2.75 Bn by 2016.
6. Contribute towards improving the global trade and economic linkages of Sri Lanka.
7. Position Sri Lanka as the world's most treasured island for tourism.

Source: Government of Sri Lanka, *Tourism Development Strategy 2011-2016*, Ministry of Economic Development, 2011, p. 4.

#### 5.4 Maximizing Employment Generation and Poverty Alleviation

Numerous examples have been presented in this working paper of the potential linkages in Bangladesh between tourism and such major government priorities as poverty alleviation, rural development, RNFA's, gender, SMEs, ethnic regions, etc., as well as the on-going difficulties in policy and programme coordination. It is the poorest segments of Bangladesh's population who are obviously the greatest victims of the lack of transparency and coordination.

Addressing the coordination problems will require significantly greater efforts by not only the relevant government entities, but also the private sector, NGOs and academia. At the same time, improved transparency and information dissemination will be crucial, as there is evidently no single source of tourism information for Bangladesh.<sup>217</sup> Domestic NGOs, as some of the most effective institutions in Bangladesh, will evidently be essential in helping to ensure both program coordination and information dissemination.<sup>218</sup> The universities in the relevant tourism regions of Bangladesh could also be very helpful in promoting entrepreneurship, conducting policy analysis and facilitating information dissemination.

As an example of the opportunities for coordination with regard to rural development and non-farm economic activities, the 6th *Five Year Plan* states that, among the major areas of intervention in the hill districts, "Measures will be taken to support EPB's 'one district one product' initiative under which 'Textiles for Rangamati', 'Pineapples for Khagrachari' and 'Rubber for Bandarban' have been finalized". At the same time, the 6th *Plan* states that "Private investment will be encouraged

<sup>216</sup> Government of the People's Republic of Bangladesh, Ministry of Finance, *Development and Expansion of the Tourism Industry* {Bangla}, June 2014.

<sup>217</sup> See Part 6.1 on the formation of regional and national tourism forums.

<sup>218</sup> For example, see Azizul Hassan, Ahmed Forhad, *The Role of NGOs in the Sustainable Development in Bangladesh*, Present environment and Sustainable Development, Vol. 7, no. 2, 2013.

to develop sustainable tourist facilities in Rangamati, Bandarban, Khagrachari" (as already noted above), without explicitly mentioning the potential synergies between tourism and the sales of textiles, pineapples, etc.<sup>219</sup> Ideally, NGOs and other institutions could encourage demonstration projects to show the validity of such tourism synergies, to be followed by support to private-sector SMEs.

An excellent way to approach these issues would be to conduct local VCAs of existing regional tourism activities, with the objective of identifying options for both expanding and deepening employment and poverty alleviation opportunities. As shown step-by-step in the ILO publication *An Operational Guide to Local Value Chain Development*, local VCAs can be conducted without advanced technical skills and at reasonable costs.<sup>220</sup> The coordination requirements, both for conducting the VCA and for tapping into existing programmes and resources, could presumably be achieved by NGOs and universities already serving the relevant regions. As highlighted in the *Operational Guide*:

Local value chain development consists of two main objectives:

Strategic long-term re-orientation: Providing guidance for a strategic and sustainable re-orientation of a particular local sector with the aim to increase its long-term competitiveness in a national and international business environment.

Quick-win short-term incentives: Providing simple recommendations that stakeholders can quickly implement, showing quick returns. These proposals aim at short-term development and are important incentives for taking up long-term challenges.<sup>221</sup>

Another major suggestion for enhancing employment and poverty alleviation (as highlighted in **Part 4.C** above) is to more intensively and directly address the training and skill requirements for both regional and rural tourism, including by making greater use of online training activities (in connection with the Digital Bangladesh initiative), as well as making full use of existing and future BPC facilities nationwide as training centers for both jobs skills and tourism entrepreneurship, together with improving and expanding other existing facilities.<sup>222</sup> According to a Ministry of Finance report on gender, "Besides regular training courses, National Hotel and Tourism Training Institute organizes special training courses for women", as part of expanding opportunities for women's advancement [**Annex XIII**].<sup>223</sup> At the international level, existing government-owned

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<sup>219</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, pp. 160-161. Overall, the *Plan* states that "income generating activities through small and cottage industries, trading, and poultry and livestock rearing will be expanded. The income of poor people will be enhanced through social forestry in hilly areas and cultivation of fruits and medicinal plants". Unfortunately, specific details of the intended interventions are apparently not yet available.

<sup>220</sup> ILO, *An Operational Guide to Local Value Chain Development*, by Matthias Lesego Herr, International Labour Organization, Enterprise for Pro-poor Growth (Enter-Growth), Colombo, Sri Lanka, February 2007 (available online, at [http://ilo.org/empent/areas/value-chain-development-vcd/WCMS\\_101319/lang--en/index.htm](http://ilo.org/empent/areas/value-chain-development-vcd/WCMS_101319/lang--en/index.htm)).

<sup>221</sup> ILO, *An Operational Guide ...*, as note 220 above, p. 4 states "The outcome of a Local Value Chain Development (Local-LVCD) project as proposed in this guide is a value chain analysis that identifies opportunities and constraints of a particular local sector and its market integration. The analysis which uses a participatory approach and combines it with further detailed research includes a set of recommendations on how the competitiveness of the local sector can be increased within the value chain. It is an action-oriented approach, which shows local stakeholders the way they need to go."

<sup>222</sup> Obviously, this would require a significant re-orientation of BPC's existing policies and practices. According to a 2007 CSIRD Discussion Paper, "As per the privatization policy of Bangladesh government, BPC has leased out as many as 11 commercial units to private sector on commercial basis", but more current information is apparently not publicly available (Mizan R. Khan and Mahfuzul Haque, *BIMSTEC-Japan Cooperation in Tourism and Environment: Bangladesh Perspective*, Centre for Studies in International Relations and Development, Kolkata, 2007, p. 21 (available online, at <http://csird.org.in/wp-content/uploads/discussion/DP27.pdf>).

<sup>223</sup> Government of the People's Republic of Bangladesh, Ministry of Finance, *Gender Budgeting Report 2014-15*, Chapter 42, Ministry of Civil Aviation and Tourism, p. 307 (available online, at [http://www.mof.gov.bd/en/budget/13\\_14/gender\\_budget/en/39%20Chapter%2042\\_53\\_Civil%20%20Aviation\\_English.pdf](http://www.mof.gov.bd/en/budget/13_14/gender_budget/en/39%20Chapter%2042_53_Civil%20%20Aviation_English.pdf)). The report further notes "As a part of this initiative 114 women got training on catering service and 84 women got training on bakery and cookery during the year 2012", thereby indicating the limited coverage of the programme to date. The full report is available online, at Government of Bangladesh, Ministry of Finance, *Gender Budgeting Report 2014-15*, website (accessed at

luxury hotels should ideally also be used for high-level, "hands-on" training for employment abroad.<sup>224</sup>

Responsive government and regulatory flexibility will undoubtedly also be required, both for the establishment and expansion of SMEs and for ensuring coordination with the multiple programmes with existing and potential links to tourism. Measures to ease requirements and procedures for the registration of SMEs could help to facilitate the transition from informal to formal economic activities.<sup>225</sup> The advantages of registering SMEs could be enhanced by linking it to quality assurance labelling and consumer information campaigns (e.g. "Government Approved" stickers to display to customers, and training programmes for registered SMEs).<sup>226</sup>

Overall, creative approaches designed specifically for individual regions and locations – and directly linked to existing government priorities and programmes for export diversification, rural development, SMEs, gender and youth, etc. -- should be emphasized, to maximize both employment generation and poverty alleviation opportunities. Such approaches should focus primarily on the private sector, and minimize the use of government resources. An excellent example with potential relevance for tourism is the Grameen Shakti Programme [**Box 8**].

### Box 8: Grameen Shakti Programme in Bangladesh

"Grameen Shakti (or Grameen Energy in English) was founded in 1996 and is currently one of the fastest growing rural based companies in the field of renewable energy in the world. Capitalizing on the microcredit network and experience of the Grameen Bank, Grameen Shakti provides soft credits through different financial packages to make solar home systems (SHSs) available and affordable to rural populations.

By the end of 2009 more than 320,000 SHSs had been installed, in addition to biogas plants and improved cooking stoves. The improved cooking stoves and biogas programmes contribute to the reduction of the use of biomass and in turn decrease indoor pollution, while biogas technology further helps with sustainable waste management. Grameen Shakti aims to install over 1 million SHS by 2015, while also providing the necessary maintenance, thereby generating local employment.

Grameen Shakti demonstrates the potential that can be mobilized to reduce energy poverty efficiently with innovative financing and business models that can deliver success with little or no external financial support."

Source: UNEP, *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication - A Synthesis for Policy Makers*, 2011, (Box 2), p. 12 (available online, at [http://www.unep.org/greeneconomy/Portals/88/documents/ger/GER\\_synthesis\\_en.pdf](http://www.unep.org/greeneconomy/Portals/88/documents/ger/GER_synthesis_en.pdf)).

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[http://www.mof.gov.bd/en/index.php?option=com\\_content&view=article&id=280&Itemid=1](http://www.mof.gov.bd/en/index.php?option=com_content&view=article&id=280&Itemid=1) on 1 August 2014).

<sup>224</sup> Another option could be to help promote investment – especially at the regional level – in private-sector tourism training programmes linked to certified tourism programmes abroad (e.g. Bangladesh Skill Development Institute BSDI <http://www.cthwards.com/cth-centre/bangladesh-skill-development-institute-bsdi/>). The Dhaka Sheraton Hotel is listed among the hotels endorsing the CTH qualifications (<http://www.cthwards.com/about-us/industry-recognition/>).

<sup>225</sup> See Honeck, *LDC Export Diversification*, as note 5 above, with regard to the example of Sri Lanka (Box VI, p. 51).

<sup>226</sup> Such quality assurance labelling campaigns could be especially effective for export-oriented tourism SMEs.

## 6 CONCLUSIONS: "WHEN WILL TOURISM FINALLY BE TAKEN MORE SERIOUSLY IN BANGLADESH, AND WHY DOES IT MATTER?"

"The Bangladesh economy emerged relatively unscathed from the global economic crisis{,} though the country remains vulnerable because its exports are not diversified and it depends heavily on migrant workers' remittances."<sup>227</sup>

"[I]t seems paradoxical that policymakers would not draw the lessons from RMG success and try to replicate it in other export sectors."<sup>228</sup>

"To increase tourism, Bangladesh needs to improve its international image. To improve its international image, Bangladesh invariably needs to increase tourism...."<sup>229</sup>

### 6.1 Is There a Need for a Bangladesh Tourism Stakeholders Forum?

Unlike the evidently prevailing attitude that addressing tourism impediments in Bangladesh requires significant new financial resources from government, there is much that tourism stakeholders at all levels could accomplish immediately with few government resources.<sup>230</sup> As emphasized in the **Introduction** and **Part 2**, it is obvious that additional tourism investment in Bangladesh is urgently required. At the same time, there is little reason why government budgetary resources should be the deciding factor. As Fazle Hasan Abed, founder of BRAC (the world's largest NGO), has stated:

***I believe that the development of a country is not a duty to be performed by governments alone. The people must be involved. And the institutions, whether they are government, private, or non-profit, must contribute to development.***<sup>231</sup> {emphasis added}

For example, coordination among both governmental and non-governmental stakeholders could be greatly improved, at relatively low cost.<sup>232</sup> Currently there are many tourism-related organizations and associations in Bangladesh, most of which appear to be too small and insufficiently well-organized to serve as effective voices to lobby for Bangladesh's tourism sector. As noted in the WTO's 2012 *Trade Policy Review* of Bangladesh, the Bangladesh Foreign Trade Institute (BFTI) is already mandated to be responsible for providing trade policy analysis.<sup>233</sup> BFTI has also concluded a MoU with the Department of Tourism and Hospitality Management of the University of Dhaka,<sup>234</sup> which could presumably be followed by tourism-related MoUs with other research institutions. Consequently, there would seem to be distinct advantages in creating a *Bangladesh Tourism Stakeholders Forum* (or a similar organization), financed initially perhaps by Aid for Trade or other funding, with the objective of becoming self-supporting through member contributions.<sup>235</sup>

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<sup>227</sup> WTO, *Trade Policy Review, Bangladesh*, Report by the Secretariat, as note 27 above, Chapt 1, p.1.

<sup>228</sup> Dr. Zaidi Sattar, *Drawing lessons from RMG export success*, *The Financial Express*, 11 May 2014 (available online, at <http://www.thefinancialexpress-bd.com/2014/05/11/33396>).

<sup>229</sup> Authors.

<sup>230</sup> In this regard, potential tourism stakeholders should be defined as including everyone concerned with rural development, environmental and cultural protection, gender equality, and export diversification in services.

<sup>231</sup> Jessica Mudditt, 2010, *An interview with Fazle Hasan Abed, founder of BRAC, the world's largest NGO* (available online, at <http://jessicamudditt.com/2010/09/15/an-interview-with-fazle-hasan-abed-founder-of-brac-the-worlds-largest-ngo/>).

<sup>232</sup> This need for improved coordination evidently extends to the international organizations and other development partners involved in tourism in Bangladesh.

<sup>233</sup> WTO, *Trade Policy Review, Bangladesh*, as note 27 above, Chapter 2, p. 2. {This section is the idea of Dale Honeck.}

<sup>234</sup> Bangladesh Foreign Trade Institute (BFTI), website, *MoU Signing Ceremony "DU-BFTI Center for Tourism*. Accessed at <http://www.bfti.org.bd/index.php/concluded-events/59-mou-signing-ceremony-du-bfti-center-for-tourism> on 5 August 2014.

<sup>235</sup> The crucial importance of "inclusive" institutions in promoting development is highlighted in Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity and Poverty*, Random House, 2012.

The advantages of creating a *Bangladesh Tourism Stakeholders Forum* (BTSF) based, at least initially, at BFTI or a similar institution are numerous. First, BFTI already has the organizational structure, skills, and authority to work directly with government institutions, and to serve as a forum for conferences and dialogue. Ideally, this would result in the BTSF website being a single, authoritative source of information on all tourism-related regulations, policies, projects, etc.<sup>236</sup> As a "semi-governmental entity", BFTI would seem well-placed to serve as intermediary for exchanges of information and queries among various tourism stakeholders. The BTSF could also serve as a single point of focus for tourism-related policy discussions with the government,<sup>237</sup> and should be freely open to all interested parties, including academics and students.

Among Bangladesh's tourism stakeholders, there needs to be much greater awareness of both actual and potential tourism linkages [Figure 2 (p. 45)], as well as a significantly expanded understanding of the tourism linkages to such major domestic economic and social priorities as promoting environmental and cultural protection, encouraging gender equality, and assisting rural development. A *Tourism Stakeholders Forum* as described above would have the capability and resources to disseminate the existing information on tourism linkages in Bangladesh, as well as to coordinate the required further analyses and research.<sup>238</sup> For example, as noted in a recent IPAC report:

***It would be of great assistance to conservation if complementary nature tourism development planning processes were led by private tour operators***, perhaps with involvement of Government tourism support agencies. Although Nishorgo pilot sites are now recognized by the leading nature tourism operators, ***visits to only some Nishorgo sites are part of advertised tourism circuits for different parts of the country***. The development of new visiting circuits requires a process led by the tour operators themselves, ideally with involvement of regional or national tourism agencies.<sup>239</sup> ***{emphasis added}***

One of the most urgent tasks for the BTSF would be to publish all existing tourism-related regulations, including obtaining clarifications when required from the relevant government entities. Regarding investment incentives and tax benefits, all the specific options for tourism would need to be clearly defined and published on the website, including opportunities for PPP. The BTSF website should also sponsor an ongoing, on-line debate of tourism policies and options for Bangladesh, both current and potential.<sup>240</sup> A third urgent task would be to work with the government's Implementation, Monitoring and Evaluation Department (IMED) to closely monitor the tourism-related elements of the 6th *Five Year Plan*.<sup>241</sup>

Arguably, among the most important tourism policies and options to be debated is whether there is a need for continuing discretionary government policies affecting tourism, and whether the current commercial activities by the BPC and other government entities should be revised, for

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<sup>236</sup> Including information on tourism-related activities in Bangladesh of development partners, NGOs, etc.

<sup>237</sup> A similar initiative is evidently the Business Initiative Leading Development (BUILD). See, for example, World Bank Group, Investment Climate, *Business Initiative Leading Development in Bangladesh*, website. Accessed at <https://www.wbqinvestmentclimate.org/advisory-services/cross-cutting-issues/public-private-dialogue/build-bangladesh.cfm> on 23 July 2014.

<sup>238</sup> Numerous examples are presented in this working paper of the need for further research.

<sup>239</sup> Integrated Protected Area Co-management (IPAC), *A Study of the Principal Marketed Value Chains Derived from the Sundarbans Reserved Forest*, Volume 1: Main Report, USAID Bangladesh, January 18, 2010, p. 189.

<sup>240</sup> English-language examples of debates on Bangladesh's tourism can be found on the *Views On Tourism - Bangladeshi network and discussion* website (via the LinkedIn member group), for example "Why we can not reap benefit from our tourism sector?" and "How do you think the Bangladeshi tourism sector should be developed the next 1, 5 and 10 years?". Accessed at [http://www.linkedin.com/groupItem?view=&gid=1968347&type=member&item=81609007&goback=%2Egde\\_1968347\\_member\\_5852951731461201923%2Egmr\\_1968347](http://www.linkedin.com/groupItem?view=&gid=1968347&type=member&item=81609007&goback=%2Egde_1968347_member_5852951731461201923%2Egmr_1968347) and [http://www.linkedin.com/groupItem?view=&gid=1968347&type=member&item=18533008&goback=%2Egde\\_1968347\\_member\\_5852951731461201923%2Egmr\\_1968347%2Egde\\_1968347\\_member\\_18533008%2Egmr\\_1968347](http://www.linkedin.com/groupItem?view=&gid=1968347&type=member&item=18533008&goback=%2Egde_1968347_member_5852951731461201923%2Egmr_1968347%2Egde_1968347_member_18533008%2Egmr_1968347), respectively, on 23 July 2014.

<sup>241</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 235, notes that "IMED monitors more than 1200 projects under the Annual Development Program and evaluates around 200 projects on an annual basis. Under the ADP implementation status IMED publishes monthly, quarterly and annual progress reports for all the ministries and also for the top 10 ministries with largest allocations."



example as discussed in **Parts 2 and 5** of this working paper. As highlighted in the 6th *Five Year Plan*, "the course of economic management based on state ownership and control during the 1970s was unsustainable and Bangladesh gradually changed gear to a market-oriented economy with proper government interventions":

One remarkable feature is that no government has denied the importance of growth for poverty reduction, but ***differences have prevailed about the relative roles of public and private sectors*** and the relative emphasis between agriculture versus manufacturing.<sup>242</sup> ***{emphasis added}***

## 6.2 Lack of Adequate Transparency and Policy Coordination?

Despite the frank descriptions in the government's 6th *Five Year Plan* of the underperformance of Bangladesh's international tourism sector (as highlighted in the **Introduction**), the lack of adequate tourism policy coordination remains clearly in evidence, as exemplified by the fact the tourism committee headed by the Prime Minister is not actively functioning.<sup>243</sup> At the same time, as discussed in **Part 5.A** and elsewhere in this working paper, remarkably little information on tourism -- even for investors -- is available on government websites (especially in English), including those of the BPC, BTB, BOI and MoCAT.<sup>244</sup> Furthermore, access to investment incentives is apparently subject to some discretion, which has not significantly benefitted tourism to date.<sup>245</sup>

Regarding Bangladesh's urgent need to promote export diversification, especially in services, tourism's potential again continues to be largely neglected (see **Part 2.2**), as highlighted by the failure of the BOI website to list it among the preferred sectors for investment (despite tourism's designation as a "highest priority sector" for export diversification). Although ICT is evidently the government's top priority for services exports, as noted on pp. 12-13, Bangladesh's tourism exports in recent years have been nearly as large or larger,<sup>246</sup> and compare favourably with other export priority sectors [**Table 13**], despite the many impediments as discussed in **Parts 2 and 5** and listed in [**Table 3** (p. 7)]. The lack of adequate national statistics, as discussed in **Part 5**, makes it far more difficult to illustrate and measure tourism's economy-wide linkages and economic importance.<sup>247</sup>

Within the 6th *Plan* itself, as noted in **Parts 3 and 4** of this working paper, there is some evidence of inconsistencies in policy coordination -- despite the overall excellence of the document -- which is only to be expected in such a large, wide-ranging policy compilation. Although the government of Bangladesh obviously has greater national priorities than promoting tourism in general, the fact that pro-poor "green" tourism has direct linkages to the spatial diversification of exports, rural development, RNFAs, poverty alleviation, gender equality, environmental protection, and other major national priorities should definitely not be ignored.

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<sup>242</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 36.

<sup>243</sup> See Md. Shoaib Akhtar, Dr. Mojib U Ahmed, Mohammad Farhad, Samina Ali, *Tourism Bangladesh: Opportunities and Challenges*, as note 23 above, p. 1. At the same time, none of the relevant government agencies has apparently made publicly available their implementation plans to address the 6th *Five Year Plan* requirements regarding tourism, and comprehensive monitoring of overall progress in tourism is evidently not yet occurring.

<sup>244</sup> This seems surprising, considering the importance the government places on creating "Digital Bangladesh" (see Government of Bangladesh, *Digital Bangladesh*, website. Accessed at <http://www.digitalbangladesh.gov.bd/> on 1 August 2014). (The BOI website does list in English the titles of tourism-related laws (e.g. The Bangladesh Tourism Reserved Area and Special Tourism Zone Act, 2010 [http://boi.gov.bd/index.php/component/businesslaws/?view=lawdetails&law\\_id=1137](http://boi.gov.bd/index.php/component/businesslaws/?view=lawdetails&law_id=1137)), but the documents themselves are in Bangla.)

<sup>245</sup> As discussed in **Part 2.2** (p. 13), regrettably, no explicit criteria appear to have been given for either the sectors chosen as export priorities or the allocation of cash incentives. Relevant criteria would presumably be such factors as spatial diversification away from major urban areas, women and youth employment, level of value-added, and environmental protection.

<sup>246</sup> For example, Bangladesh's software exports were reported as US\$ 36 million in FY2010 (Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part II, p. 270), while UNWTO statistics indicate that tourism exports were US\$ 87 million in 2011 (UNWTO, *Tourism Highlights, 2013 Edition*, p. 9).

<sup>247</sup> In general, there is a lack of direct comparisons across the promoted export sectors in terms of revenue, employment, etc., evidently due to the lack of adequate statistics.

**Table 13: Summary of Key Manufacturing Sub-sectors / Tourism**

<i>Industries</i>	<i>Employment in 2010 (thousand)</i>	<i>Gross value added 2010 (% of mfg)</i>	<i>Exports FY2010 (million US\$)</i>
Leather footwear	16.6	0.8	204.1
Food & beverage	1340.0	4.1	687.5
Light engineering	718.4	0.5	1716.5
Pharmaceuticals	69.0	1.0	40.97
RMG	3100.0	36.7	12496.7
Jute textile	18.2	0.8	540
Shipbuilding	250.0	n/a	9.34
Textile industry	6007.7	13.1	598.1
Agro processing	1529.1	38.2	921.9
<b>{Tourism}</b>	<b>{2800<sup>a</sup>}</b>		<b>{110<sup>b</sup>}</b>

<sup>a</sup>WTTC estimate for 2013. <sup>b</sup>UNWTO estimate for 2012.

Source: BBS, EPB, and websites of various industry associations, as found in Government of The People's Republic of Bangladesh, Planning Commission, *Sixth Five Year Plan FY2011-FY2015*, July, 2011, Part II, p. 106. Tourism data added by authors.

Overall, as highlighted in the 6th *Five Year Plan* under Managing the Cross-cutting Sectoral Linkages,:

The strategic review of policies for transforming the Bangladesh economy, especially the manufacturing sector, raises a number of cross-cutting sectoral linkages that need reform. These include **trade policy reforms to reduce the anti-export bias of production**, reforms of the financial sector to improve access and reduce cost of finance, improvement in infrastructure, and development of skills.<sup>248</sup> **{emphasis added}**

### 6.3 Why Pro-poor "Green" Tourism Matters for Bangladesh

One of the main conclusions of this working paper is that pro-poor "green" tourism is a viable -- and highly important -- development option for Bangladesh, especially with regard to the spatial diversification of exports, rural development, SMEs business opportunities, promoting gender equality and youth employment, and ensuring environmental and cultural sustainability. Consequently, there are very strong reasons to argue that this type of tourism should be a much higher priority in Bangladesh -- especially in terms of significantly improving policy coordination and implementation.<sup>249</sup> As highlighted in the *Gender Budgeting Report 2014-15* of the Ministry of Finance:

**Tourism sector has the potential to create millions of jobs in different types of services. It can also create huge self-employment opportunities. Women can easily grab a large share of jobs in tourism industries.**<sup>250</sup> **{emphasis added}**

There is a need to reduce the intense pressures for urbanization, and tourism is evidently one of the better options for the spatial diversification of exports and creation of non-agricultural

<sup>248</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 55.

<sup>249</sup> Further tourism research, including regional/local VCAs and cluster analyses, will be required to more precisely determine how to maximize tourism benefits for Bangladesh.

<sup>250</sup> Government of Bangladesh, *Gender Budgeting Report 2014-15*, as note 223 above, p. 305. The report also observes that "Not much of tourism facilities have been developed in Bangladesh, particularly for the foreign tourists. As a result, contribution of tourism industry to GDP remains insignificant". Ironically, despite this situation, the most recent budget for tourism has apparently been sharply reduced (*Cuts for tourism & civil aviation*, bdnews24.com, website, 5 June 2014. Accessed at <http://bdnews24.com/economy/2014/06/05/cuts-for-tourism-civil-aviation> on 1 August 2014.

employment in Bangladesh's "lagging regions", as noted in **Parts 2 and 3**.<sup>251</sup> As stated in the 6th *Five Year Plan*, "**The unbalanced growth of Dhaka shows both a large concentration of wealth and income as well as unsustainable pressure on Dhaka's already fragile infrastructure.**" **{emphasis added}**:

The phenomenal rate of urbanization is posing a major development challenge. The cities and towns of Bangladesh, numbering more than 525, suffer from acute problems of deteriorating infrastructure in the form of poor housing, inadequate availability of drinking water, paucity of drainage and sewerage facilities, logjam of urban transport, and pollution. Homeless population in most cities is on the rise and the slums and squatter settlements have become integral part of urban life in the country.<sup>252</sup>

As discussed in **Part 4**, the need for alternative income sources such as ecotourism to reduce the intense environmental pressures on the Sundarbans Reserved Forest -- and the few other remaining Protected Areas of Bangladesh -- is obvious and urgent.<sup>253</sup> Bangladesh's *Fourth National Report to the Convention on Biological Diversity* highlights that "As many as 20 globally threatened species inhabit the Sundarbans."<sup>254</sup> Furthermore, as emphasized in the *Bangladesh Tiger Action Plan 2009-2017* with regard to the Royal Bengal tigers,:

**Bangladesh's future is intertwined with that of its environment, so it is essential for biodiversity conservation to be mainstreamed into development policy and action.** As the national animal of our country, the tiger represents an ideal focal point for our conservation efforts, particularly for the Sundarbans. As a symbol of ecosystem health, the tiger and its conservation are integral to the future of this forest.<sup>255</sup> **{emphasis added}**

Similarly, there is also the issue of preserving Bangladesh's cultural heritage, as also noted in **Part 4**. As emphasized in the UNESCO publication, *Training & Capacity Building for Long-term Management and Best Practice Conservation for the Preservation of Cultural Heritage Sites and World Heritage Properties in Bangladesh*, "The cultural heritage of Bangladesh is one of the richest in the world. This is an outcome of centuries of political, religious, economic, cultural and social activities of past generations." The report further observes:

**It is{,} however, felt that there is a total absence of skilled people as well as funds for carrying out the tasks of conservation and preservation of building heritages on a long term basis.**<sup>256</sup> **{emphasis added}**

Last, but certainly not least, "green" tourism is arguably one of the best opportunities to improve Bangladesh's international image, by presenting a different face to the world through evidence of outstanding biological and cultural diversity [**Box 6 and Part 4.4**], as well as a very long and eventful history.<sup>257</sup> A report by DANIDA observes that "**Reality in Bangladesh is not as**

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<sup>251</sup> After highlighting that only 22 percent of the employed labour force is engaged in the formal sector, Part III of the 6th *Five Year Plan* states that, "**A second striking result is that the responsiveness of employment to growth in manufacturing is rather low**", and "**the weak progress in transforming the labor market after about 40 years of independence is an indication of a major weakness in the Bangladesh development strategy that needs to be corrected**" (Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, Part III, p. 41). **{emphasis added}**

<sup>252</sup> Government of Bangladesh, 6th *Five Year Plan*, as note 1 above, p. 70.

<sup>253</sup> As highlighted in the IPAC *Value Chains* report, "The extraction of goods from the Sundarbans has had a harmful effect on the terrestrial and aquatic resource base. **Even in the most remote parts of the SRF, the largest trees of Sundri and some other species are gradually disappearing from the forest. This is true even in the three Wildlife Sanctuaries included within the SRF**" **{emphasis added}** (IPAC, *A Study of the Principal Marketed Value Chains Derived from the Sundarbans Reserved Forest*, as note 239 above, p. 3.

<sup>254</sup> Government of Bangladesh, *Fourth National Report to the Convention on Biological Diversity*, as note 190 above, p. 8.

<sup>255</sup> Ahmad, I. U., C. J. Greenwood, A. C. D. Barlow, M. A. Islam, A. N. M. Hossain, M. M. H. Khan, J. L. D. Smith. 2009. *Bangladesh Tiger Action Plan 2009-2017*, Bangladesh Forest Department, Ministry of Environment and Forests, Government of the People's Republic of Bangladesh, Dhaka, Bangladesh, p. ii.

<sup>256</sup> *Training & Capacity Building For Long-term Management ...*, as note 145 above, pp. xi, 2.

<sup>257</sup> For example, see Tim Steel, DhakaTribune, *Bangladesh at the Centre of the World*, 19 April, 2014 (available online, at <http://www.dhakatribune.com/long-form/2014/apr/19/bangladesh-centre-world>).

**devastating as the international image of the country indicates".<sup>258</sup> {emphasis added}**  
As highlighted in **Part 5**, expanding pro-poor "green" tourism in Bangladesh will require significantly expanded, and more professional, tourism marketing.

#### 6.4 "Impossible Bangladesh???"

The sub-title in the **Introduction** to this working paper, i.e. *"Ignoring the obvious"?*, is intended to have a double meaning: one interpretation is that it's perhaps the authors of this working paper who are ignoring the limitations of tourism in Bangladesh; the other is that perhaps it's actually most tourism stakeholders and policy-makers who have yet to realize Bangladesh's full tourism potential. Similarly, this section is subtitled *"Impossible Bangladesh???"*, to illustrate the differences in perceptions.

The **Introduction** also states that the objective of this working paper is to analyze the current situation in Bangladesh, in order to critically test the assertion that pro-poor "green" tourism is one of the best development options for the majority of LDCs -- by comparing it to the realistic alternatives with regard to export diversification, employment generation and the "green economy". As highlighted in **Part 2**, at first glance the opportunities for export diversification for Bangladesh via international tourism might appear to be distinctly limited, at least in the short-term, due to the many impediments, including those identified in the 6th *Five Year Plan* [**Table 3** (p. 7)].

Nonetheless, when viewed from the opposite perspective, international tourism is arguably one of the better opportunities to help achieve Bangladesh's export diversification objectives (especially in services), as well as many of the broad development goals underlying the *Outline Perspective Plan of Bangladesh 2010-2021* [**Table 1** (p. 5)]. Not only is international tourism an opportunity to help diversify away from dependency on manufactures, it is also one of the best options for spatial diversification, considering that Bangladesh is capable of exporting tourism from multiple locations around the country. Furthermore, it is also one of the best options for export diversification in terms of promoting SMEs, women and youth employment, and environmental and cultural protection.

Some of the greatest advantages of international tourism for Bangladesh are the multiple opportunities for expanding both upstream and downstream linkages [**Figure 2** (p. 45)], as well as for the low-cost "test marketing" of new products for export (**Part 2.4**, pp. 19-20). Beginning with opportunities for enhancing "Digital Bangladesh" (through the development of online advertising and electronic commerce by travel agencies and tour operators), as well as promoting air transport (and air cargo), there are the obvious opportunities for agricultural, handicraft and manufactured products (with linkages to international markets), promoting SMEs (including women-owned), youth employment, etc. [**Table 6** (p. 20)]. For all these reasons, there would appear to be very strong arguments for giving international tourism equal, if not preferential, treatment in Bangladesh with regard to other priority "thrust sectors" for export promotion [**Table 4** (p. 13)].

*A theme such as "Impossible Bangladesh???" could well be a highly effective marketing slogan for tourism in Bangladesh. For example, it seems almost "impossible" that the one of the world's most densely populated regions could possess one of the last remaining major tiger reserves, that a country known more for its poverty could have such a rich cultural history, or that political violence could be contrasted by a population so highly welcoming of foreign visitors.*<sup>259</sup>

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<sup>258</sup> Majbritt Thomsen, *Introduction to the Tourism Industry in Bangladesh*, Royal Danish Embassy, Dhaka, 2008, p. 44.

<sup>259</sup> At the same time, it will be essential for Bangladesh to also firmly address the potential negative externalities of international tourism (as described in Honeck, *LDC Export Diversification*, as note 5 above). Perhaps the greatest risk for tourism in Bangladesh, however, as highlighted multiple times in this working paper, is failure to achieve the necessary policy coordination and stakeholder cooperation; the challenges to achieving Bangladesh's tourism potential are indeed one of the best examples of the expression "a chain is no stronger than its weakest link"!

## ANNEXES

### ANNEX I: Bangladesh Sixth Five Year Plan (SYFP) Targets

Targets	Current Situation (2005-2010)	Vision 2021	SFYP 2015	MDGs
<b>A. Production, Income Generation and Poverty</b>				
1. Real Income Growth (%)	6.1	10	8.0	-
2. Head Count Poverty (%)	31.5	14	22	29
3. Industrial Sector Employment	<b>17</b>	<b>30</b>	<b>25</b>	-
4. Contribution of Productivity to Economic Growth (%)	8	20	10	-
5. Overseas employment of skilled labour (%)	<b>35</b>	<b>20</b>	<b>50</b>	-
<b>B. Human Resource Development (Education, Health and Population)</b>				
6. Net Enrolment at Primary Level (%)	91	-	100	100
7. Enrolment Rate in 12th Class (%)	100	60	-	-
8. Percentage of cohort reaching grade 5 (%)	55	-	100	100
9. Total Fertility Rate Reduction	2.7	1.8	2.2	-
10. Increase Contraceptive Prevalence Rate (%)	60	80	72	-
11. Under 5 Mortality Rate (per 1000)	62	50	50	-
12. Immunization, measles (percent of children under 12 months)	87	100	100	-
13. Maternal Mortality Ratio (per 100,000 live births)	194	143	143	-
14. Births attended by skilled health staff (percent of total)	24	50	50	-
<b>C. Water and Sanitation</b>				
15. Proportion of urban population with access to safe drinking water 99.9	100	100	100	-
16. Proportion of rural population with access to safe drinking water	79	100	96.5	96.5
17. Proportion of urban population with access to sanitary latrines	88.0	100	100	85.5
18. Proportion of rural population with access to sanitary latrines	85.0	100	90	55.5
<b>D. Energy and Infrastructure</b>				
19. Electricity Generation (MW)	5803	20000	15457	-
20. Electricity Coverage (%)	<b>47</b>	<b>100</b>	<b>68</b>	-

Targets	Current Situation (2005-2010)	Vision 2021	SFYP 2015	MDGs
<b>E. Gender Equality and Women Empowerment</b>				
21. Ratio of girls to boys in tertiary education (%)	32	60	100	-
22. Ratio of literate females to males (percent of ages 20-24)	85		100	100
23. Female Overseas Employment Rate (%)	5%	20%	10%	-
<b>F. Environment Sustainability</b>				
24. Productive Forest Coverage (%) (70% tree density)	13	20	15	20
<b>G. ICT</b>				
25. Research and Development Spending/GDP (%)	0.6	1.4	-	1
26. Compulsory ICT Education (education level-class)	5	12	-	-
27. Tele centre/Community e-centre with Internet facilities at unions (%)	100	100	-	-
28. Computer laboratory at the primary government school	20	5	-	-
29. Increase teledensity (%)	90	70	-	-
30. Expansion of Broad Band Coverage (%)	40	30	-	-
<i>Current situation data are obtained from various sources (i.e. Perspective Plan, BBS, and the Planning Commission). Targets for Vision 2021 are collected from the Perspective Plan. MDG Targets are provided by UNDP. Targets for Sixth Plan are estimates. The 10 percent GDP growth for 2021 refers to end of period.</i>				

Source: Government of the People's Republic of Bangladesh, Planning Commission, *Sixth Five Year Plan FY2011-FY2015*, July, 2011, pp. 23-24. **{emphasis added}**

## **ANNEX II: "Thrust Sectors" in Bangladesh**

1. Agro-based and agro-processing industry
2. Human Resource Export
3. Ship Building
4. Renewable Energy (Solar Power, Windmill)
5. **Tourism**
6. Basic chemicals/dye and chemicals
7. ICT and ICT based service
8. Readymade Garments Industry
9. Active Pharmaceuticals Ingredient Industry and Radio Pharmaceuticals Industry
10. Herbal Medicinal Plant
11. Radio-active (diffusion) Application Industry (e.g. developing quality of decaying Polymer/preservation of food/ disinfecting medicinal equipment)
12. Development of Polymer Industry
13. Jute and Jute products
14. Leather and Leather products
15. Hospital and Clinic
16. Automobile
17. Plastic Industry
18. Furniture
19. Handicrafts
20. Energy Efficient Appliances/Manufacturing of Electronic goods/Development of Electronic materials
21. Frozen Fish Industry
22. Tea Industry
23. Home Textiles
24. Ceramics
25. Tissue Grafting and Biotechnology
26. Jewellery
27. Toy
28. Container Service
29. Warehouse
30. Innovative and import substitute industry
31. Cosmetics and toiletries
32. Light engineering industry.

Source: Government of the People's Republic of Bangladesh, *National Industrial Policy 2010* (Bangla version), Ministry of Industries, Dhaka, Bangladesh, 2010, p. 41. **{emphasis added}**  
{Although an English version is available on the Ministry of Industries website, it is marked "Draft – Not for Circulation", and has apparently not been updated.}

### ANNEX III: Tourism Goals, Objectives and Targets in the 6th Five Year Plan

#### Goals

- To develop Bangladesh as an exotic tourist destination in Asia;
- **To enhance contribution in GDP from 0.69 to 2 percent.**
- **To generate employment opportunity.**

#### Development Strategies and Policies

- a. To establish tourism infra-structure through public-private partnership investment.**
- b. To build a positive image for Bangladesh in abroad.
- c. To arrange various tour programs and provide information services to tourists.
- d. To ease visa arrangements.
- e. To create awareness for tourism development.**
- f. To develop tourism human resources through special academic and training programs**
- g. To identify and popularize new tourist products of Bangladesh;

#### Objectives & Targets

- To promote domestic and international tourism in Bangladesh;
- To develop human resources in tourism sector;
- To develop infrastructural facilities at tourist sites.
- To increase foreign tourist flow in Bangladesh from 4.00 lacs to 15 lacs;
- **To provide on-line booking system for all hotels and tourist centre of Bangladesh;**
- To enhance marketing of tourism products at home and abroad;
- To arrange better communication system by adopting modern IT based technology.
- **To develop Eco-tourism in Bangladesh"**

Source: Government of the People's Republic of Bangladesh, Planning Commission, *Sixth Five Year Plan FY2011-FY2015*, July, 2011, (Part II), p. 202. **{emphasis added}**



#### **ANNEX IV: Major aims and objectives of the 2010 National Tourism Policy**

“Other aims and objectives are as follows:

- i) Include tourism in national development strategy, policy and programmes;**
- ii) A well planned development and maintenance of tourism in Bangladesh;
- iii) **Prepare an integrated tourism plan** to develop tourism; prepare and implement short, mid and long term work plan and strategic paper;
- iv) **Prepare national, regional and zonal master plans** to develop tourism industry;
- v) Categorize tourist products as per international demand; develop and promote the products in accordance with market demand;
- vi) Identify the tourism attractions, develop and take marketing drive;
- vii) Ensure tourism contribution to poverty alleviation through its development and generate employment;
- viii) Ensure significant contribution to national economy from tourism;
- ix) **Ensure private sector participation in tourism development** while government taking the role of facilitator and develop tourist attractions and the industry as a whole, with joint effort of government and private sector;
- x) Ensure tourist attraction and service standard; enact law and update;
- xi) Prepare proper ground for local and foreign investment; provide ancillary facilities to waive tax and lend money as and when necessary;**
- xii) Initiate vigorous campaign to attract foreign tourists;
- xiii) Take integrated steps to attract foreign tourists;
- xiv) Take steps for integrated marketing, build image of the country, and embassies abroad should be given specific responsibilities with tourism marketing and promotion;
- xv) Ensure coordination among ministries and stakeholders to develop and flourish multi-dimensional tourism in Bangladesh;**
- xvi) Engage local government agencies to develop, expand and manage tourism;**
- xvii) Socio-economic development of remote local community by developing niche tourism products including Chittagong Hill Tracts;**
- xviii) Preserve local culture and heritage, turn those into tourist products and start publicity and marketing activities;
- xix) Diversify the tourist attractions including the development of rural, riverine, agricultural, health, sports, alternative and community tourism;
- xx) Development and maintenance of tourism products by **developing eco-tourism while maintaining ecological balance;**
- xxi) Develop economy domestic tourism;
- xxii) Establish and expand quality training institutes for tourism and hospitality industry and develop skilled human resources;**
- xxiii) Prepare a master plan for research, make marketing work plan for the development of tourism industry;**
- xxiv) Ensure easy access to data and information on Bangladesh Tourism in internet and introduction of IT in tourism industry;**
- xxv) Attract foreign tourists by creating and declaring Exclusive Tourist Zone (ETZ);
- xxvi) Ensure overall safety for tourists;
- xxvii) Create tourism friendly facilities;
- xxviii) Provide financial and institutional support to prepare souvenirs on tourism spots;
- xxix) Take integrated regional and sub-regional work plan including SAARC and BIMSTEC countries;**
- xxx) Increase cooperation with all tourism related international bodies including World Tourism Organization (UNWTO) and increase number of assistance from them;”**

Source: Government of the People's Republic of Bangladesh, Ministry of Civil Aviation and Tourism (MoCAT), *National Tourism Policy 2010* (Bangla version), 2010, pp. 3-4. **{emphasis added}**

## ANNEX V: Status of Millennium Development Goals in Bangladesh

Year	Base 1990-95	2000-02	Current 2005-10	Target 2015	Status
<b>Goal 1: Eradicate Extreme Poverty and Hunger</b>		<b>Goal will probably be met</b>			
Target 1: Halve by 2015 the proportion of people living below the poverty line					
Poverty headcount ratio (2010)	59	50	31.5	29	On Track
Poverty Gap Ratio (2010)	17	13	6.5	8	Goal met
Target 2: Halve by 2015 the proportion of people who suffer from hunger					
Prevalence of child malnutrition (percent of children under 5)	68	51	45	33	Off Track
Population below minimum level of dietary energy consumption (percent)	28	...	20	14	On Track
<b>Goal 2: Achieve Universal Primary Education</b>		<b>Goal will probably be met</b>			
Target 3: Ensure that all boys and girls complete a full course of primary schooling					
Net enrolment ratio in primary education	61	83	91	100	On Track
Percentage of cohort reaching grade 5	43	...	55	100	Needs attention
Adult literacy rate	37	39	58	...	Needs attention
<b>Goal 3: Promote Gender Equality and Empower Women</b>		<b>Goal will probably be met</b>			
Target 4 : Eliminate gender disparity in primary and secondary education preferably by 2005 and at all levels by 2015					
Ratio of girls to boys in primary and secondary education (percent)	77	104	106	100	Achieved
Ratio of girls to boys in tertiary education (percent)	37	32	32	100	Needs attention
Ratio of literate females to males (percent of ages 20 -24)	65	77	85	100	Needs attention
Share of women employed in the non- agricultural sector (percent)	19	...	25	50	Needs attention
<b>Goal 4: Reduce child mortality</b>		<b>Goal will probably be met</b>			
Target 5: Reduce by two thirds by 2015 the under 5 mortality rate					
Under 5 Mortality Rate (per 1000)	146	82	54	50	On Track
Infant Mortality Rate (per 1000 live births)	92	56	41	31	On Track
Immunization, measles (percent of children under 12 months)	54	69	82	100	On Track
<b>Goal 5: Improve Maternal Health</b>		<b>Goal will probably be met</b>			
Target 6: Reduce by three quarters, by 2015, the maternal mortality ratio					
Maternal Mortality Ratio (per 100,000 live births)	574	400	194	143	On Track
Births attended by skilled health staff (percent of total)	5	12	24	50	Needs attention
<b>Goal 6: Combat HIV/AIDS, malaria and other diseases</b>		<b>Goal will probably be met</b>			
Target 7: Have halted by 2015 and begin to reverse the spread of HIV/AIDS					
Contraceptive Prevalence Rate (percent of women ages 15-49)	40		60	72	Needs attention

Year	Base 1990-95	2000-02	Current 2005-10	Target 2015	Status
<b>Target 8: Have halted by 2015 and begin to reverse the incidence of malaria and other major diseases</b>					
Deaths of malaria per 100,000 population	1.4	...	0.4	0.0	Needs attention
Incidence of tuberculosis (100,000 people)	264	233	225	Halving	Needs attention
Tuberculosis cases detected under DOTS (percent)	21	34	74	75	On Track
<b>Goal 7 : Ensure Environmental Sustainability</b>			<b>Goal will probably be met</b>		
<b>Target 9: Integrate the principles of sustainable development into country policies and reverse the loss of environmental resources</b>					
Productive forest area (%) (70 % tree density)	9	10	13	20	Needs attention
Consumption of ozone depleting CFCs (per capita tonnes)	195	0.0	128	0	Needs attention
Proportion of terrestrial and marine areas protected	1.6	...	1.7/0.5	5.0	Needs attention
CO2 emissions ( tonnes per capita)	0.1	0.2	0.3	...	Needs attention
<b>Target 10 : Halve, by 2015, the proportion of people without sustainable access to safe drinking water and sanitation</b>					
Proportion of urban population with access to safe drinking water	98.8	82.0	99.9	100	On Track
Proportion of rural population with access to safe drinking water	93.1	72.0	79	96.5	Needs attention
Proportion of urban population with access to sanitary latrines	56.2	56.0	88.0	85.5	On Track
Proportion of rural population with access to sanitary latrines	15.3	29.0	85.0	55.5	On Track
<b>Target 11: By 2020, have achieve a significant improvement in the lives of at least 100 million slum dweller</b>					
Proportion of households with access to secure tenure	...	...	36.4	...	Insufficient data
<b>Goal 8: Develop a Global Partnership for Development</b>			<b>Goal will probably be met</b>		
<b>Target 12 : Develop and implement strategies for decent and productive work for youth</b>					
Youth unemployment rate (percent of total labor force ages 15 24)	2.9	8.0	13.4	...	Needs attention
<b>Target 13 : Make available the benefits of new technologies, especially information and communication</b>					
Fixed line and mobile telephones (per 100 people)	0.2	1.3	13.6	50	On Track
Internet users (per 100 people)	0.2	3.4	...	...	Insufficient data

Source: UNDP 2009, Bangladesh Bureau of Statistics HIES 2010 and Bangladesh Planning Commission, as found in Government of the People's Republic of Bangladesh, Planning Commission, *Sixth Five Year Plan FY2011-FY2015*, July, 2011, p. 16.

## ANNEX VI: Challenges for Rural Non-farm Activities (RNFA) in Bangladesh

### **"Challenges:**

- (i) Since RNFA includes a diverse group of activities, it is difficult to define it as a sector and hence it lacks any baseline assessment;
- (ii) Activities in RNFA are often financed by microcredit, which can only support very small-sized activities. There is a limitation in accessing finances for larger sized activities;
- (iii) **People engaged in RNFA activities, particularly women, lack capacity and skill for producing quality products; have inadequate access to information in determining what to produce and often they lack skills in marketing their products;**
- (iv) As institutional financing is mainly urban biased, problems arise since the NGOs are not very effective in providing business advice because they themselves are not well-equipped to provide such support;
- (v) Management capacity of small enterprises operating in RNFA is rather poor; and
- (vi) RNFA suffers from inadequate infrastructural facilities particularly energy and communication;"

### **"Future strategies will focus on two broad areas:**

- (i) improving the rural investment climate; and
- (ii) supporting institutional framework."

"Measures for improving investment climate will include:

- Ensuring more energy supply in the rural areas with emphasis on bio-fuel and solar energy use;
- Emphasis on routine maintenance of the existing roads, development of waterways and railway communication;
- Up-scaling and technology upgradation of small enterprises focusing on product development and quality improvement;
- **Provision of training for workers based on market demand and also for entrepreneurs in improved business method;**
- Promoting linkage with agriculture and greater value addition of farm products through a boost in agroprocessing, arranging local-level fairs on routine basis to promote RNF products, skill development training and internship facilities, in-country and international tours through public-private financial participation."

"In order to mainstream RNF issues in rural development, **an institutional set-up will be formed with different stakeholders**, including local government institutions, private entrepreneurs in RNF and providers of financing and other support services. These stakeholders shall identify the strategic policy and investment priorities. The **government will consider instituting a monitoring unit** to monitor implementation of the initiative and the results."

Source: Government of The People's Republic of Bangladesh, Planning Commission, *Sixth Five Year Plan FY2011-FY2015*, July, 2011, pp. 411-412. **{emphasis added}**

## **ANNEX VII: Environmental Sustainability Objectives in the 6th Five Year Plan**

- Increase productive forest coverage by 2 percentage points.
- Improve air quality in Dhaka and other large cities and enacted Clean Air Act
- Treat all urban waste water by FY15 to clean river waters
- Promote Zero discharge of industrial effluents.
- Urban wetlands are restored and protected in line with Wetland Conservation Act
- At least 10% of the wetland in peak dry season is protected as aquatic sanctuary
- Jolmahal leasing system phased out in favour of pro-poor community based management
- Risk Atlas for at least 7 cities/towns developed by 2015.
- 500 meter wide permanent green belt established and protected along the coast
- **Eco-tourism promoted at least in 15 protected areas and ECAs**
- Comprehensive Marine Resources Management Plan developed
- Land zoning for sustainable land/water use completed.
- Environmental, Climate Change and disaster risk reduction considerations are integrated into project design, budgetary allocations and implementation process.
- Canals and natural water flows of Dhaka and other major cities restored."

*Source:* Government of The People's Republic of Bangladesh, Planning Commission, *Sixth Five Year Plan FY2011-FY2015*, July, 2011, p. 22. **{emphasis added}**

## ANNEX VIII: LDC GATS Commitments – Main Sectors

### Summary of Specific Commitments

Countries	1	2	3	4	5	6	7	8	9	10	11	12	Total
Angola							X		X	X			3
Bangladesh		X							X				2
Benin	X						X		X		X		4
Burkina Faso									X				1
Burundi	X		X	X				X	X				5
Cambodia*	X	X	X	X	X	X	X	X	X	X	X		11
Central African Rep.	X	X				X			X	X			5
Chad									X				1
Congo RP	X	X	X		X				X	X			6
Djibouti	X	X							X	X			4
Gambia	X	X	X	X	X	X	X	X	X	X	X	X	12
Guinea	X					X		X	X		X		5
Guinea-Bissau									X	X			2
Haiti	X		X		X		X		X				5
Lao P.D.R.*	X	X	X	X	X	X	X	X	X		X		10
Lesotho	X	X	X	X	X	X	X		X		X	X	10
Madagascar	X												1
Malawi	X		X				X	X	X				5
Mali					X				X				2
Mauritania									X				1
Mozambique							X						1
Myanmar									X		X		2
Nepal*	X	X	X	X	X	X	X	X	X	X	X		11
Niger									X		X		2
Rwanda	X				X	X			X	X			5
Senegal	X	X		X			X		X	X	X		7
Sierra Leone	X	X	X		X	X	X	X	X	X	X		10
Solomon Islands	X		X				X		X				4
Tanzania									X				1
Togo			X						X	X			3
Uganda		X							X				2
Vanuatu*	X	X	X	X	X	X	X	X	X		X		10
Yemen*	X	X	X	X	X	X	X	X	X	X	X		11
Zambia	X		X					X	X				4
<b>Total</b>	<b>21</b>	<b>14</b>	<b>15</b>	<b>9</b>	<b>12</b>	<b>11</b>	<b>15</b>	<b>11</b>	<b>32</b>	<b>13</b>	<b>13</b>	<b>2</b>	<b>168</b>

\* Accession countries.

Note: "X" indicates at least a partial commitment in the sector concerned.

Legend:

01. Business Services
02. Communication Services
03. Construction and Related Engineering Services
04. Distribution Services
05. Educational Services
06. Environmental Services
07. Financial Services
08. Health Related and Social Services
09. Tourism and Travel Related Services
10. Recreational, Cultural and Sporting Services
11. Transport Services
12. Other Services not Included Elsewhere

Source: World Trade Organization.

## ANNEX IX: South Asia Tourism Infrastructure Development Project: Bangladesh

"Capacity development outputs include:

- (i) Training of tourism related staff of ministries, board, and departments in tourism planning, coordination, monitoring and marketing;
- (ii) **Prepare and implement a marketing and promotion program in conjunction with subregional marketing program under regional TA;**
- (iii) **Prepare and implement management and master plans for Bangladesh Heritage Highway's cultural sites;**
- (iv) Prepare and implement organizational and financial management measures for Department of Archaeology of Bangladesh, and train staff on planning, protecting, and managing the nature and culture based sites as well as world heritage sites;
- (v) **Establish stronger partnerships between communities, tourism industry and governments at destinations;**
- (vi) Implement subregional action plan to promote subregional cooperation in tourism.

Fostering community participation outputs include:

- (i) Conducting community awareness raising programs,
- (ii) **Undertake value chain analyses to establish stronger links between tourism and local economies,**
- (iii) Design and implement pilot schemes for tourism-based livelihood generation involving social mobilization and micro finance services;
- (iv) Prepare and implement tourism-related skill development activities in heritage management and hospitality-related skills among the communities; and
- (v) Establish partnerships between communities, private sector and public sector established for enhanced site management and viable community tourism product development.

Project management:

This subcomponent supports funding the costs of the Project Management and Implementation, including incremental administration and operations associated with Project Management and Implementation Unit (PMIU) in the Department of Archeology, and Implementation Unit in BPC and site offices, and provision of equipment, logistics, as well as consulting services to assist PMIU. Consultancy support for project management and implementation will also include significant on-the-job training to build the capacity of the DOA in project management and implementation (technical, environmental and social aspects, and monitoring)."

Source: Asian Development Bank, *Project Administration Manual, Bangladesh: South Asia Tourism Infrastructure Development Project*, May, 2010, p. 7. **{emphasis added}**

## ANNEX X: Barriers for LDC Firms to Enter Tourism Value Chains

<b>LDC Suppliers</b>			<b>Lead Firms</b>		
What operational difficulties do you face?			What are the most typical difficulties that you face in bringing new suppliers from developing countries or LDCs into your tourism product value chain(s)?		
Top 5 issues.			Top 5 issues.		
Answer Choices	Response Per cent	Response Count	Answer Choices	Response Per cent	Response Count
Low labour skills	61.5%	8	Access of suppliers to finance	52.2%	12
Business environment	46.1%	6	Business environment	43.5%	10
Access to finance	38.4%	5	Visa regimes for foreign tourists	43.5%	10
Airport or port capacity and infrastructure	38.4%	5	Compliance with international service norms	39.1%	9
Official travel advice of foreign governments	23.1%	3	Airport or port capacity and infrastructure	34.8%	8
Supply chain governance issues (e.g. buying power of tour operators)	23.1%	3	Compliance with environmental standards	30.4%	7
Unreliable/inadequate power supply	23.1%	3	Insecurity	30.4%	7
Answered questions		13	Answered questions		23

Source: WTO/OECD, *Connecting Least-Developed Countries to Value Chains*, WTO: Geneva, 2013, p. 39.



## ANNEX XI: Summary of Main Prescriptions – IRMP Eco-Tourism Programs

Year	Main Activities	Main Outputs/Success Criteria	Responsibility
1 and 2	Identifying eco-tourism areas within the core zone comprising the three wildlife sanctuaries and regulate visitors movement	Eco-tourism areas identified and regulated	FD/CMCs
	Identifying eco-tourism areas within the buffer zone and regulate visitors movement	Eco-tourism areas identified and regulated	FD
	Designing and developing basic eco-tourism facilities for tourists	Minimum tourist facilities are in place	FD/CMCs/ Tour Operators
	Identify flagship attractions (tiger, dolphin) and their viewing sites	Identified flagship species and sites	FD/CMCs/ Tour Operators
	Identifying suitable sites for nature camps	Possible sites for 1-2 days nature camps identified	FD/CMCs
	Designing and preparing publicity materials including pamphlets, bill boards, brochures and maps for raising awareness	Publicity material developed	FD/CMCs/ Tour Operators
	Identifying and training eco-guides	Eco-guides identified and trained	FD/CMCs/ Tour Operators
	Developing and propagating conservation awareness and education, and nature interpretation through electronic and print media	Conservation awareness program developed	FD/CMCs/ Tour Operators
	Identifying and motivating students and volunteers (Sabuj Vahini) for biodiversity conservation	Number of schools identified and students motivated	FD/CMCs/ Tour Operators
	Strengthening existing & establishing Nature Interpretation Centres (NICs)	Existing NICs at Karamjol and DFO(W) office strengthened & new ones established	FD/CMCs/ Tour Operators
Identifying and mapping existing nature and hiking trails	Existing trails mapped and brochures prepared	FD/CMCs/ Tour Operators	

<b>Year</b>	<b>Main Activities</b>	<b>Main Outputs/Success Criteria</b>	<b>Responsibility</b>
	Establishing regular contacts with relevant ministries and departments for inter-sectoral eco-tourism planning & promotion	Relevant ministries and departments including Parjatan contacted & coordinated	FD/CMCs/ Tour Operators
	Developing a policy on public-private conservation partnership	Public-Private partnership policy drafted	FD/MOEF/ Tour Operators
	Implementing entry fee guidelines through CMCs	Entry fee collection is in operation	CMCs/FD
	Implementing facility and community development works by using entry fee revenue allocated by FD to CMCs	Built facilities and community assets	CMCs/FD
	Developing local stakeholders as service providers (food vendors, transport agents, etc.) to visitors	Food Vendors and other service providers in place	CMCs/ Tour Operators
3 & 4	Eco-Tourism areas shown on maps and brochures developed	Tourism sites and routes publicised	FD/CMCs
	Regulating eco-tourism within the SRF	Regulated Tourism	FD
	Expanding basic picnic facilities for tourists	Expanded tourist facilities	FD
	Expanding suitable sites for nature camps	Expanded sites for 1-2 days nature camps	FD
	Widely distributing publicity materials including pamphlets, brochures and maps	Publicity material reaches widely	FD/CMCs/ Tour Operators
	Refresher training imparted to eco-guides	Trained Eco-guides	FD/CMCs/ Tour Operators
	Expanding conservation awareness and education through electronic and print media	Aware stakeholders	FD/CMCs/ Tour Operators
	Continue motivating students and volunteers for biodiversity conservation	Number of students motivated	FD/CMCs/ Tour Operators

<b>Year</b>	<b>Main Activities</b>	<b>Main Outputs/Success Criteria</b>	<b>Responsibility</b>
	Expanding Nature Interpretation Centre (NIC) network	Expanded NIC network	FD
	Expanding nature and hiking trails	Expanded trails network	FD/CMCs/ Tour Operators
	Expanding coordination with relevant ministries and departments including Parjatan	Relevant ministries and departments pursued and coordinated	FD/CMCs/ Tour Operators
	Expanding public-private conservation partnerships	Expanded Public-Private partnerships	FD/CMCs/ Tour Operators
	Continue implementing entry fee guidelines through CMCs	Entry fee collection is in operation	CMCs/FD
	Continue implementing facility and community development works by using entry fee revenue allocated to CMCs	Built facilities and community assets	CMCs/FD
	Expanding the network of local stakeholders as service providers (food vendors, transport agents, etc.) to visitors	Expanded network of service providers	CMCs/ Stakeholders
5 to 10	Continue as in case of the years 3 & 4, and evaluate in the year 5 to implement adjusted programs by consolidating gains		

Source: Government of the People's Republic of Bangladesh, Ministry of Environment and Forests, Forest Department, *Integrated Resources Management Plans for the Sundarbans 2010-2020*, Vol. 1, Dhaka, Bangladesh, December 2010, p. 219.

## ANNEX XII: Tourism Development and Expansion Plan

The Government has divided Bangladesh into 8 tourism potential areas, with various plans to increase tourism facilities. The plans are divided into 3 categories: Short term (3-5 years/ 2014 to 2017); Mid-term (6-10 years/ 2014 to 2020); and Long term (10-15 years 2014 to 2025).

Sl. No	Tourism Area	Plan Duration	Plan type	Budget (MN TK)
1	Greater Sylhet Area	Short Term	Infrastructure Development	320
			Tourism Diversification	40
		Mid Term	Infrastructure Development	330
			Transport System Development	2490
			Infrastructure Development	600
Total				3780
2	Greater Maimensing Area	Short Term	Infrastructure Development	420
		Mid Term	Infrastructure Development	370
			Transport System Development	1360
		Long Term	Infrastructure Development	150
Total				2300
3	Greater Chittagong & Cox-Bazar Area	Short Term	Infrastructure Development	1045
			Transport System Development	2210
			Tourism Diversification	320
		Mid Term	Infrastructure Development	1595
			Tourism Diversification	1250
		Long Term	Infrastructure Development	6000
			Tourism Diversification	8500
Total				20920
4	Chittagong Hill Tracts Area	Short Term	Infrastructure Development	90
		Mid Term	Infrastructure Development	9430
		Long Term	-	-
Total				9520
5	Coastal Area and Island	Short Term	Infrastructure Development	318
		Mid Term	Infrastructure Development	590
		Long Term	-	-
Total				908
6	Greater Rajshahi & the entire Northern Area	Short Term	Infrastructure Development	810
			Tourism Diversification	50
		Mid Term	Infrastructure Development	620
			Transport System Development	500
			Infrastructure Development	280
Total				2260
7	Greater Khulna & Suburban Area	Short Term	Infrastructure Development	620
			Tourism Diversification	250
		Mid Term	Infrastructure Development	5100
Total				5970
8	Greater Dhaka Area	Short Term	Infrastructure Development	8352
			Tourism Diversification	2075
		Mid Term	Infrastructure Development	592
			Tourism Diversification	370
		Long Term	Infrastructure Development	950
			Tourism Diversification	1200
Total				13539
Grand Total				<b>59197</b>

Source: Government of the People's Republic of Bangladesh, Ministry of Finance, *Development and Expansion of the Tourism Industry* {Bangla}, June 2014.

## ANNEX XIII: Priority Spending Areas and Benefits for Women's Advancement

Priority Spending Areas/ Programmes	Impact on Women's Advancement (Direct and Indirect)
<p>1. Development and modernization of civil aviation related infrastructure:</p> <p>It is very essential to create and expand the civil aviation infrastructure in order to expand air transportation, ensure air safety and provide improved services to the increasing number of passengers. Various infrastructures must be modernised in line with international standards in order to have continuous take-off and landing of international flights. For this reason, construction and modernisation of civil aviation infrastructure has been considered as a priority area.</p>	<p>The growing number of expatriate Bangladeshis creates the opportunity of expanding the existing facilities of airports. The number of flights both in domestic and international routes needs to be increased. Local and international aviation companies will require more trained manpower where women will have better opportunities to be employed.</p>
<p>2. Modernisation of existing tourism infrastructure and development of related infrastructures:</p> <p>International as well as domestic tourism will receive a boost with the identification of more new tourist spots, reconstruction/ repair/ renovation and modernisation of existing tourist establishments and construction of new tourist infrastructure at various attractive tourist places of the country. As a result, huge employment opportunities will be created in this sector. Modernisation of the existing tourist infrastructure and construction of new ones have been given a priority in order to make the tourism one of the biggest foreign exchange earners.</p>	<p>The natural beauty, world's largest sandy beach, mangrove forest, rich and diversified cultural heritage, hospitable citizenry of Bangladesh can attract a large number of tourists every year. If tourism sector is flourished, it will create millions of jobs in different types of services. It also creates huge self-employment opportunities. Women can easily grab a large share of those jobs.</p>
<p>3. Development of physical infrastructure for tourism under PPPs:</p> <p>Since infrastructure development projects of civil aviation and tourism sector are very expensive, it would not be possible for the government alone to fund all the infrastructure development in this sector. For this reason, priority has been given to attract private investment in developing physical infrastructure in tourism and civil aviation sectors under Public-Private Partnerships (PPP). In addition, management efficiency in the sector will be enhanced as a result of private sector participation which will attract new foreign investment.</p>	<p>The Government has taken an initiative to develop new tourism infrastructures under Public Private Partnership (PPP). Two projects, namely, setting up of an Exclusive Tourist Zone at Teknaf and a 5 Star Beach Hotel along with 18 Hole Golf Course are going to be constructed at Cox's Bazar. Constructions of a motel, a youth hostel and a Buddhist Temple have already been completed at Kuakata Beach point. All these initiatives will boost tourism industry where women have better chances to participate in economic activities.</p>
<p>4. Conducting training for human resource development:</p> <p>It would not be possible to attract foreign tourists and foreign investments in tourism sector unless there is sufficient skilled manpower to deliver services up to the international standard. For this reason, priority has been given to conduct modern and need-based training courses and to maintain international standards at existing tourism training institutes.</p>	<p>Special academic and training program is very helpful to develop tourism human resources. Through this program women are most benefitted as this sub-sector requires women workers and employees especially as tour guides, front desk attendants, hospitality managers etc. Apart from this, training programme on flight cabin crew and flight attendant can also be arranged for women with special emphasis in English language skills.</p>

Source: Government of the People's Republic of Bangladesh, Ministry of Finance, *Gender Budgeting Report 2014-15*, Chapter 42, Ministry of Civil Aviation and Tourism, pp. 306-307 (available online, at [http://www.mof.gov.bd/en/budget/13\\_14/gender\\_budget/en/39%20Chapter%2042\\_53\\_Civil%20%20Aviation\\_English.pdf](http://www.mof.gov.bd/en/budget/13_14/gender_budget/en/39%20Chapter%2042_53_Civil%20%20Aviation_English.pdf)).

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