



Technical Assistance Report

Project Number: 39399
December 2006

Preparing the South Asia Subregional Economic Cooperation Tourism Development Project (Financed by the Japan Special Fund)

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
JSF	–	Japan Special Fund
NTO	–	national tourism organization
SASEC	–	South Asia Subregional Economic Cooperation
SAUD	–	South Asia Urban Development Division
TA	–	technical assistance
TDP	–	tourism development plan
TWG	–	Tourism Working Group
WTO	–	World Tourism Organization

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sectors	–	Multisector
Subsectors	–	Water supply and sanitation, waste management, civil aviation, roads and highways
Themes	–	Regional cooperation, sustainable economic growth, environmental sustainability
Subthemes	–	Crossborder infrastructure, fostering physical infrastructure development, natural resources conservation

NOTE

In this report, "\$" refers to US dollars.

Vice President	L. Jin, Operations Group 1
Director General	K. Senga, South Asia Department, (SARD)
Director	H. Kim, Urban Development Division, SARD
Team leader	G. Cezayirli, Principal Urban Development Specialist, SARD

I. INTRODUCTION

1. Tourism has been a priority sector of the South Asia Subregional Economic Cooperation (SASEC) program, comprising Bangladesh, Bhutan, India, Nepal, and Sri Lanka, since its inception in 2001.¹ At its second meeting in 2002, the SASEC Tourism Working Group (TWG) identified the need for a subregional tourism development plan (TDP). The Asian Development Bank (ADB), as part of its long-term commitment to the SASEC program,² provided technical assistance³ to prepare the TDP, building on the existing tourism plans of the SASEC countries and in-country and subregional consultations. The TDP, completed and unanimously endorsed in 2004, proposed a number of high-priority subregional programs based on an agreed set of core strategic directions. During the sixth TWG meeting in 2005, ADB, in response to the request of TWG, made a commitment to provide project preparatory technical assistance (TA) to design and assess the feasibility of a subregional tourism investment project based on the priority programs of the TDP. The proposed TA,⁴ which is included in the South Asia Regional Cooperation Strategy and Program (2006–2008),⁵ will form a critical intervention of ADB's long term partnership for developing an environmentally sustainable, culturally sensitive, and socially inclusive tourism sector that will catalyze economic growth and reduce poverty in the SASEC countries. The preliminary design and monitoring framework is in Appendix 1.

II. ISSUES

2. Tourism is one of the world's largest and fastest growing sectors, accounting for almost 11% of global gross domestic product and more than 8% of global employment (one in every 12 jobs). Although global insecurity led to a temporary decline in tourism demand during 2001–2002, international and domestic tourism is expected to boom over the next 15 years. The World Tourism Organization forecasts that the number of international tourist arrivals will reach 1.6 billion by 2020, spending a total of \$2 trillion per year. This represents more than double the international arrivals recorded in 2003, with projected expenditures nearly four times more than the global expenditures in 2002. Tourism in the developing world is growing faster than the world average. South Asia, where tourist arrivals are growing by 11%, is forecast to record an average annual growth of 6.2% up to 2020, compared to the world average of 4.1%. The World Travel and Tourism Council projects that over the next 10 years the economic value of personal travel and tourism will increase to 5% of SASEC countries' combined gross domestic product.

3. The SASEC subregion⁶ (the subregion) is endowed with vast and diverse cultural and natural resources. It has an ancient cultural heritage of more than 5,000 years old, and is home to many natural and cultural heritage sites inscribed in the World Heritage List. The subregion contains the world's highest mountain, the eastern Himalayan range, the largest mangrove forest, the longest sea beach, and internationally recognized biodiversity hotspots. It has a rich diversity of ethnic groups with distinctive cultures. Its unique natural and cultural endowments potentially position it as a world destination for spiritual tourism and ecotourism.⁷ Bhutan and Nepal, in particular, are internationally acknowledged as "ecotourism pioneers" and have practitioners with

¹ Sri Lanka became a member of the South Asia Subregional Economic Cooperation (SASEC) Tourism Working Group (TWG) in November 2005.

² Since 2000, the Asian Development Bank (ADB) has supported the SASEC program through lending and technical assistance, e.g., ADB. 2000. *Technical Assistance for Identification and Prioritization of Subregional Projects in South Asia*. Manila; ADB. 2001. *Technical Assistance for South Asia Economic Cooperation Program II*. Manila; ADB. 2004. *Technical Assistance for SASEC Human Resource Development and Capacity Building in Tourism*. Manila; ADB. 2005. *Technical Assistance for South Asia Subregional Economic Cooperation Program III*. Manila.

³ ADB. 2003. *Technical Assistance for SASEC Tourism Development Plan*. Manila.

⁴ The technical assistance first appeared in *ADB Business Opportunities* on 27 October 2006.

⁵ ADB. 2006. *South Asia Regional Cooperation Strategy and Program (2006–2008)*. Manila.

⁶ In this TA report, the SASEC subregion is defined as Bangladesh, Bhutan, India, Nepal, and Sri Lanka.

⁷ Ecotourism is defined in the tourism development plan (TDP) as "styles of tourism that enhance the conservation of the environment and/or cultural and religious heritage, and respond to the needs of local communities."

decades of experience at their disposal. The subregion is also home to the “Buddhist Heartland”, with many of the world’s major Buddhist sites, including those directly associated with the life of Lord Buddha. The ancient monasteries, sacred landscapes, and hidden valleys attract international visitors who are interested in “living Buddhism”.

4. Despite an impressive range of attractions, the countries of SASEC have not realized the full potential benefits from tourism. Potential tourists in the source markets widely perceive the subregion as a “difficult” destination. Security problems threaten tourism in Nepal, a few of the northeastern states of India, and Sri Lanka. Bangladesh’s image abroad has been associated with only natural calamities in the absence of adequate marketing of its vast and ancient natural and cultural heritage. While in Bhutan, a perceived high-end, low-impact tourism policy has resulted in a low volume of tourists. More importantly, all SASEC countries have severe infrastructure weaknesses, especially road, rail, and air connections; electricity; water supply; sanitation; telecommunications; wayside amenities; and border facilities. Further, all SASEC countries have inadequate standards of tourist services, especially related to immigration procedures, attitudes towards hospitality, and availability of tourist information. Combined, these factors have created an unfavorable climate for private investment, which is vital to robust tourism development in the subregion. Moreover, until recently, there has been little or no cooperation among the countries in the promotion and development of products and sites. Each country has been trying to carve out a niche in the market without harnessing the complementarities, contiguity, and potential synergies that are available in the subregion.

5. The governments of SASEC countries have recently recognized the need to work together⁸ to promote the subregion as a unique tourism destination. They have acknowledged that complementary natural endowments and cultural heritage provide an opportunity for subregional cooperation in tourism, which can lead to joint product development, cost-effective marketing strategies, and joint investments in tourism infrastructure development with resulting greater efficiencies. Under the guidance of TWG and with support from ADB, the 10-year SASEC TDP was developed and adopted in 2004 to provide a coherent framework for tourism development in the subregion. Two product-specific programs that focus on the themes of “Buddhist circuits” and “ecotourism based on nature and culture”.⁹ were identified among the seven key programs¹⁰ of TDP. The selection of programs has been based on the agreed strategic directions that (i) tourism branding should focus on SASEC’s products and not on the subregion itself, and (ii) tourism should be environmentally and culturally sustainable and contribute to poverty reduction.

6. Under the two key programs, the TDP has identified a number of priority products that will potentially position the subregion as the world’s premier destination of Buddhist Heartland and ecotourism. One iconic product is the popular “Footsteps of Lord Buddha” circuit, which appeals to the growing numbers of Buddhist pilgrims and spiritual tourists from all over the world. The circuit receives an estimated 50,000 visitors annually. It includes a number of destinations in India and Nepal, some of which are the World Heritage Sites. Another potential product is the integrated development of trekking in the majestic mountains of Himalaya following the concept of the “Great Himalayan Trail” that was developed by Nepal. This concept favors lateral trekking over “up and back” treks, and thus has the potential to bring ecotourism benefits to poor

⁸ Working together is also deemed to complement the national efforts on tourism, e.g., India’s recent initiative for a national tourism infrastructure development program.

⁹ The seven subregional programs are (i) coordinated marketing, (ii) enhancing product quality, (iii) facilitating travel, (iv) developing human resources, (v) Buddhist circuit development, (vi) ecotourism development, and (vii) private sector participation.

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communities in valleys currently bypassed by popular trekking routes. It also provides opportunities for linking established treks in Bhutan, India, and Nepal.

7. Opportunities exist for tourism growth in the subregion, building on current and new markets. The current market and consumer trends indicate that the experienced traveler prefers authentic, off-the-beaten-track vacations in remote, unrenowned places to luxurious vacations. Global trends also indicate the growing demand for nature- and culture-based holidays, and spiritual tourism which are forecast to double and perhaps even triple in the next 20 years. The growing interest in cultural and spiritual tourism and ecotourism presents enormous opportunities for the SASEC countries, provided that the subregion can avail of the opportunities presented to it. At this juncture of subregional cooperation in tourism, with critical programs, e.g., joint marketing, human resource development, and travel facilitation being underway, efforts need to focus on joint product development. There is need to combine individual country assets into attractive and marketable circuits to foster synergies across borders. Countries must work together to plan and develop infrastructure and services in these cross-border circuits and destinations in an integrated manner. Investments are urgently needed for enhanced access and connectivity; destination infrastructure and facilities; and sustainable tourism destination management and service delivery. The TA is required to help SASEC countries jointly develop multicountry circuits associated with spiritual tourism and nature- and culture-based ecotourism.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

8. The TA aims to enhance the positioning of the subregion in both intraregional and interregional markets as one of the world's leading destinations of spiritual tourism and nature- and culture-based ecotourism. The expected outcome of the TA is the development of good-quality, high-yielding subregional products that focus on the Buddhist circuits and ecotourism. To this end, the TA will assess the feasibility of and design a project for possible ADB financing of a package of priority investments in tourism-related infrastructure and facilities in selected multicountry circuits, resulting in an improved tourist experience and thus increased arrivals and lengthened stay of tourists in the subregion. The TA, that will cover all five SASEC TWG member countries of Bangladesh, Bhutan, Nepal, India, and Sri Lanka, will complement other ongoing TDP programs, e.g., joint marketing, private sector participation, human resource development, and travel facilitation. The TA will also benefit from ADB's earlier experience with other subregional and national tourism projects.¹¹

9. The ensuing project is expected to include critical investments in roads, airports, wayside amenities, visitor facilities, water supply, sanitation, solid waste management, power, communication, and small-scale and environment-friendly ecotourism infrastructure and facilities. The project is also expected to include proposals for improved systems and reforms for tourism (visitor and destination) management, infrastructure maintenance, and environmental management for sustainable tourism development. Furthermore the ensuing project is likely to include interventions for product-specific marketing, human resource development, travel facilitation, and private sector participation to supplement other ongoing programs under the TDP.

¹¹ ADB provided a loan for Greater Mekong Subregional Tourism Development Project (2002) and two loans (1991–1996) for Nepal tourism infrastructure projects as well as modest support for tourism in few urban projects, which proved to be highly relevant to the objectives of ADB and member countries. The lessons suggest: (i) importance of private sector involvement in designing and implementing tourism products to ensure viability; (ii) ecotourism can succeed, and partnership with nongovernment organizations and community can enhance the effectiveness and sustainability; (iii) need for marketing of the tourism products; (iv) need for greater attention to sustainability; and (v) requirement for upfront capacity building of project management and implementing agencies for efficient project implementation.

10. The ensuing project will have synergies with other SASEC sector programs such as “regional connectivity”. Accompanied by other related interventions, the project is expected to lead to (i) sustainable and broad-based economic growth with direct and multiplier effects for local employment and poverty reduction,¹² (ii) improved connectivity and environment for local communities, (iii) increased provision of complementary private sector investments induced by the improved availability of critical public infrastructure and services, (iv) enhanced conservation of unique material and nonmaterial culture and environment, and (v) a stronger sense of community among the countries and peoples of the subregion.

B. Methodology and Key Activities

11. The TA will build on the SASEC TDP. It will review the proposals of the TDP in terms of the circuits and sites associated with the life of Lord Buddha¹³ and with nature- and culture-based ecotourism. The selection and confirmation of the priority circuits, sites, and destinations will also take into account (i) the updated market research; (ii) uniqueness of the sites in terms of natural, cultural, and religious significance; (iii) the potential for promoting subregional tourism growth without detriment to local culture and environment; and (iv) the potential for fostering private sector investments in developing tourist facilities and services. In the identification of circuits and investment proposals, particular attention will be given to determining and harnessing the links between Buddhist circuits and ecotourism development. Opportunities to develop ecotourism near Buddhist sites or to extend Buddhist circuits to include other destinations¹⁴ of religious, cultural, and natural importance will be investigated so as to expand the subregion’s appeal to new markets.

12. The TA will develop a clear concept of tourism development based on the principles of environmental sustainability, cultural sensitivity, and social inclusiveness within a “subregional” context. Close coordination will be maintained with the “integrated product development plan for ecotourism based on natural and cultural heritage” being prepared by TWG to ensure (i) systematic identification of tourism products, (ii) integration of subregional and national products, and (iii) consistency of SASEC tourism approaches with principles of the World Tourism Organization and other relevant organizations.

13. Following the principles of the established concept, the TA will assess the constraints to the growth and management of tourism and necessary interventions in terms of access, utility infrastructure development, environmental services, marketing, security, and cross-border facilitation within the identified sites. The TA will then develop feasible proposals to enhance the connectivity, utility infrastructure, environmental services as well as tourism and destination management and visitor services in selected priority areas.

14. Mechanisms will be developed to ensure that (i) the local communities are linked with current and expanded tourism markets and share the benefits of increased tourism; and (ii) the tourists, host communities, and the public take effective responsibility for conserving and strengthening the fragile cultural and natural heritage and environment. The design of the project will draw upon the experience of similar projects and good practices such as Ajanta Ellora Conservation and Tourism Development Project of India. The TA will also explore ways to make use of the comparative advantages, experiences, and grant co-financing of other development partners (e.g., assistance for technical know-how in the conservation of heritage sites as a complement to the ensuing project interventions).

¹² The initial poverty and social analysis is in Appendix 2.

¹³ The review will include the monastic circuit linking Bhutan to India and other sites in Bangladesh and Sri Lanka.

¹⁴ Examples of other destinations are the renowned Taj Mahal, several Hindu and Shiekh temples in India, and Shaat Gambus Mosque in Bangladesh.

C. Cost and Financing

15. The total cost of the TA is estimated at \$950,000. The TA will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. Details of the cost estimates are in Appendix 3. The governments of Bangladesh, Bhutan, India, Nepal, and Sri Lanka were advised that approval of the TA does not commit ADB to fund any ensuing project. ADB will not finance any undertaking or activity in the territory of any member country unless and until it has received from the government of such member country a letter of no-objection or concurrence with respect to such activity or undertaking.

D. Implementation Arrangements

16. ADB will be the Executing Agency. The TA will be managed by ADB's South Asia Region Urban Development Division (SAUD). The work will be undertaken on behalf of the SASEC TWG. National tourism organizations (NTOs) will be the TA focal agencies in each participating country, and will nominate TA focal persons to be responsible for providing the required national inputs into the TA. NTOs will coordinate with national consultative groups, representatives of pertinent central and local government agencies, nongovernment organizations, the private sector, and the tourism industry.

17. The TA will be implemented over 10 months, from March 2007 to January 2008, and will require about 59 person-months of consulting services (33 person-months international/regional and 26 person-months national). A team of consultants with expertise in tourism planning and product development, ecotourism development and management, tourism infrastructure development and management, environment, economic and financial analysis, tourism marketing, and community outreach and social development will be recruited in accordance with *ADB's Guidelines on the Use of Consultants* (April 2006, as amended from time to time). The selection of consultants will follow the cost- and quality-based selection and simplified technical proposal procedure. NTOs will provide office space and facilities and suitably qualified counterpart staff for the consultants. The outline terms of reference for the consultants are in Appendix 4.

18. The consultants will submit (i) an inception report outlining the TA implementation method and a detailed work plan, within 1 month of the start of the TA; (ii) an interim report containing fully justified proposals for subregional circuits and destinations as well as an assessment of requirements for tourism infrastructure and management, within 5 months of the start of the TA; and (iii) a draft final report providing project proposals and detailed feasibility assessment for a subregional tourism investment project, within 9 months of mobilization.

19. The TA will follow a participatory approach. In-country workshops will be held to collect feedback from stakeholders and to disseminate and validate the key outputs of the TA. Three regional workshops will also be held with participation of TWG at key stages of the TA, i.e., after the submission of the inception, interim, and draft final reports. ADB will coordinate with other sector working groups, including the environment working group under the SASEC program, and other development partners involved in tourism development in the subregion. Within ADB, SAUD will coordinate as needed with the transport and agriculture, natural resources, and social services divisions of the South Asia Department.

IV. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$950,000 on a grant basis for preparing the South Asia Subregional Economic Cooperation Tourism Development Project, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <ul style="list-style-type: none"> Enhanced positioning of the SASEC subregion in intraregional and interregional tourism markets as one of the world's premier destinations for Buddhist circuits and ecotourism, leading to broad-based economic growth and reduction of poverty in the subregion 	<ul style="list-style-type: none"> 25% increase in economic benefits from tourism by 2020 25% increase in employment from tourism by 2020 	<ul style="list-style-type: none"> Tourism statistics of Bangladesh, Bhutan, India, Nepal, and Sri Lanka WTO statistics 	<p>Assumptions</p> <ul style="list-style-type: none"> The subregion is politically stable. The subregion is perceived as secure. Other key programs of TDP and SASEC proceed concurrently. <p>Risks</p> <ul style="list-style-type: none"> Insecurity Delay in other key programs of TDP
<p>Outcome</p> <ul style="list-style-type: none"> Development of environmentally and culturally sustainable and socially inclusive tourism in the subregion 	<ul style="list-style-type: none"> Percentage increase in tourist arrivals in the subregion Percentage increase in length of stay of tourists in the subregion Expansion of the existing tourism circuits and destinations linking to new local populations Increase in awareness and sustainable use of natural and cultural heritage 	<ul style="list-style-type: none"> Tourism statistics of Bangladesh, Bhutan, India, Nepal, and Sri Lanka WTO statistics Specific design features and implementation effectiveness of the subregional tourism project 	<p>Assumptions</p> <ul style="list-style-type: none"> The governments of SASEC countries remain committed to promoting the subregion as a unique destination. Other key programs of TDP proceed in parallel, especially those related to travel facilitation, private sector participation, and joint marketing.
<p>Outputs</p> <ul style="list-style-type: none"> An agreed upon design for a proposed subregional tourism development project containing feasible investment proposals for truly marketable multicountry circuits and sites 	<ul style="list-style-type: none"> Preparation of the TA approach, methodology, and work plan (within 1 month of TA start) Development of concept for tourism development, reconfirmation of circuits and sites, assessment of investment requirements, and preparation of preliminary project proposals (within 5 months of TA start) Feasibility assessment and design of a subregional tourism development project (undertaken and submitted within 9 months of TA start) Consensus and agreement reached on the proposed project, as reflected in TWG meetings proceedings (within 10 months of TA start) 	<ul style="list-style-type: none"> TA reports ADB mission's aide memoire TWG meetings Project discussions with stakeholders at workshop 	<p>Assumptions</p> <ul style="list-style-type: none"> A high-quality project preparatory TA final report provides good analysis and proposals. Qualified consultants are mobilized in a timely manner. A good, viable design is developed. Sufficient resources and timely inputs are provided to support implementation of the TA by ADB, TWG, and NTOs. <p>Risk</p> <ul style="list-style-type: none"> Delay in TA implementation

Activities with Milestones	Inputs
<ol style="list-style-type: none"> 1. National tourism organizations are on board with support for logistics and focal staff by March 2007. 2. Recruit and mobilize consultants by March 2007. 3. Prepare the inception report and submit it to ADB, TWG, and NTOs by April 2007. 4. Hold the TWG meeting to discuss the inception report by mid-May 2007. 5. Hold national workshops in each of the project countries in June and July 2007. 6. Prepare the interim report and submit it to ADB, TWG and NTOs by mid-August 2007. 7. Hold the TWG meeting to review and discuss the interim report by mid-September 2007. 8. Prepare and submit a draft final report to ADB, TWG, and NTOs by mid-December 2007. 9. Hold the TWG meeting by 2nd week of January 2008 and reach common understanding and consensus on the proposed project. 10. Prepare and submit the final report by 1st week of February 2008. 	<ul style="list-style-type: none"> • ADB – \$950,000 from JSF resources • International/regional consultants (33 person-months) • National consultants (26 person-months) • National focal persons and counterpart staff from NTOs in the five TWG member countries

ADB = Asian Development Bank; EA = executing agency; JSF = Japan Special Fund; NTO = national tourism organization; SASEC = South Asia Subregional Economic Cooperation; TA = technical assistance; TDP = Tourism Development Plan; TWG = Tourism Working Group; WTO = World Tourism Organization.

INITIAL POVERTY AND SOCIAL ANALYSIS

A. Linkages to the Country and Subregional Poverty Analysis

Is the sector identified as a national priority in country poverty analysis?	Yes	Is the sector identified as a national priority in country poverty partnership agreement?	Yes
<p>Contribution of the sector to reduce poverty in the South Asia Subregional Economic Cooperation (SASEC) countries:</p> <p>Tourism is one of the world's largest and fastest growing sectors, accounting for almost 11% of global gross domestic product. Properly planned and managed, the tourism sector can have catalytic impact on poverty reduction. As evidenced in the SASEC countries, the sector generates more jobs than any other sector and thus contributes to local livelihood. An important feature of the sector is that customers come to the product, thereby providing opportunities for multiplier effects. Tourism products mostly depend on natural capital, culture, and traditional skills/arts that are generally the assets of the poor—implying the great potential of the sector for poverty reduction. The tourism sector in the developing world is growing faster than the world average. South Asia, with its vast and diverse cultural and natural endowments and tourist attractions, is forecast to record an average annual growth of 6.2% to 2020, compared to the world average of 4.1%. Since 2000, tourism has been a priority sector of the Asian Development Bank (ADB)-supported SASEC program, comprising Bangladesh, Bhutan, India, Nepal, and more recently Sri Lanka. These countries recognized the need to work together to promote the subregion as a unique tourism destination to maximize the developmental impact of the individual country interventions in tourism. They acknowledged that complementary natural-resource endowments, heritage, and culture provide immense scope for subregional cooperation in tourism, which can lead to joint product development, joint and cost-effective marketing strategies, and joint investments in tourism infrastructure development with resulting greater efficiencies. A tourism working group (TWG) was formed in 2000 under SASEC. ADB, as part of its long-term commitment to the SASEC program, provided a technical assistance (TA) to prepare a subregional tourism development plan to provide a framework and plan of actions for coordinated tourism development in the subregion. The Tourism Development Plan (TDP), which was completed and unanimously endorsed by all the countries, proposed a number of high-priority subregional programs. Two product-specific programs with focus on the themes of “Buddhist circuits” and “ecotourism” were identified among the key programs. During its sixth meeting in 2005, the TWG requested ADB to provide a TA to assess the feasibility of and design a subregional tourism development project based on the priority programs of TDP. ADB has included a project preparatory TA for a tourism development project in the South Asia regional cooperation strategy and program (2006–2008). The proposed TA will form a critical intervention of ADB's long-term partnership for developing an environmentally sustainable, culturally sensitive, and socially inclusive tourism which will catalyze broad-based economic growth and reduce poverty in the SASEC subregion.</p>			

B. Poverty Analysis

Proposed Classification: General intervention

What type of poverty analysis is needed?

A poverty and social analysis will be carried out in each of the participating countries to (i) assess the poverty and social conditions of the population that will be affected by the project; (ii) explore the potential role, and later identify the level of involvement, of communities at national and subregional levels; (iii) determine the positive and negative impacts of tourism activities on different population groups; (iv) identify ways to pass on the benefits of increased tourism to the affected population by linking communities with the current and expanded tourism markets; (v) mitigate or help reduce the negative effects of land acquisition and resettlement, as well as rapid economic development, on population groups, the environment, the living culture, and the cultural heritage; and (vi) identify measures to ensure more equitable project outcomes.

C. Participation Process

Is there a stakeholder analysis? Yes

A stakeholder analysis will be undertaken to identify key project stakeholders, their interests, and the way these interests affect project risk and viability. Stakeholders will likely include (i) the SASEC tourism working group; (ii) national tourism organizations; (iii) tourism ministries; (iv) local government authorities and service providers in selected tourism circuits and destinations; (v) private sector groups such as tour operators and existing and potential private investors; (vi) local communities; (vii) local and international nongovernment organizations and bilateral agencies involved in tourism development in the region; and (viii) domestic, regional, and international tourists. Stakeholders will also include people affected by the project in terms of resettlement and land acquisition and indigenous people.

Is there a participation strategy? Yes

Based on the above stakeholder analysis, a participation strategy will be prepared to outline how to involve various stakeholders at different stages of the project cycle. Emphasis will be placed on ensuring the fair representation of each group, especially the poor and the excluded. It is envisaged that the participation strategy will involve three levels of participation/consultation instruments, i.e., subregional workshops, national consultative meetings, and community-outreach activities. Inputs from the community-outreach activities at the local level will be discussed and evaluated at national consultative meetings and later shared at subregional workshops.

D. Gender Development

Strategy to maximize impacts on women: A detailed gender analysis will be conducted during project preparation to determine how project benefits can be maximized for women in the tourism industry. The roles, responsibilities, needs, and interests of both men and women will be analyzed. Men and women play different roles in the tourism industry. Women provide more upfront services and have an important role in the home. If managed properly, tourism can contribute to the promotion of gender equality and empower women. Environmental improvements, better awareness of hygiene and food safety, improved skills (through training), and more representation in managerial positions could strengthen women's role and increase their participation in the industry. Women are also more vulnerable to negative social effects of tourism. A gender action plan will be prepared under the TA to develop measures to ensure that (i) women actively participate in the project design as well as project implementation, (ii) women and men benefit equally from the project, (iii) the project addresses the differential gender needs, and (iv) potential negative social impacts of the tourism on women are avoided.

E. Social Safeguards and Other Social Risks

Item	Significant/ Not Significant/ None	Strategy to Address Issues	Plan Required
Resettlement	Not significant	Land acquisition and resettlement will be avoided or minimized wherever possible. The project design will ensure that most of the improvements will be carried out within the right of ways and on government land. However, minimal land acquisition might be required. The TA will thoroughly review and confirm the need for full or short resettlement plans and prepare the required safeguards in consultation with stakeholders in each participating country.	Yes - short resettlement plans
Affordability	Not significant	During project preparation, ways to increase the participation of the poor and vulnerable groups in managing their own tourism development will be explored. Ways to increase the locally produced goods and services for tourism development will also be considered. Selection of design options for infrastructure services in selected destinations will consider the affordability of the households. The potential negative impact of utility tariffs (water sanitation, solid waste collection fees) on the poor will be reviewed and addressed by employing pro-poor service charges and other innovative financing instruments.	Yes - affordability analysis
Labor	None	Construction, operation and maintenance of the ensuing project are likely to generate significant employment opportunities. Enhanced tourism infrastructure will attract private investments to the selected localities in tourist services such as hotels, retail industry, tour operating and guide services, which will contribute to local and regional employment generation.	No. The economic analysis may include an assessment of employment opportunities.
Indigenous Peoples	Not significant	The social analysis will assess the potential impact of the project on indigenous groups and ethnic minorities in each country. The project will be designed to ensure that no adverse impact is made on indigenous people. The TA will further verify if there are any potential issues and prepare an indigenous people development plan if necessary.	Yes
Other Risks and/or Vulnerabilities	Not significant	While tourism brings economic growth and contributes to poverty reduction, it has also potential to initiate rapid social changes. The movement of people and goods across borders may also increase social and health risks and exploitation of women and child. Risks will be assessed during project preparation and measures to minimize them will be incorporated into the project design.	Yes

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Asian Development Bank (ADB) Financing^a	
1. Consultants	
a. International/regional Consultants	510.0
i. Remuneration	380.0
ii. Per Diem	130.0
b. National Consultants	140.0
i. Remuneration	100.0
ii. Per Diem	40.0
c. International, Regional, Local Travel	60.0
2. Surveys, ^b Data, and Reports	25.0
3. Workshops ^c	80.0
4. Miscellaneous Administration Costs	20.0
5. Contingencies	115.0
Total	950.0

^a Financed on a grant basis by the Japan Special Fund, funded by the Government of Japan.

^b Includes expenditures associated with community-outreach activities.

^c Three regional workshops will be arranged under the regional technical assistance at inception, interim, and draft final report stages with participation of Tourism Working Group members. A national workshop will be carried out in each participating country.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. International/Regional Consultants

1. Tourism Planning and Product Development Expert (Team Leader) (international, 6 person-months)

1. The consultant will have expertise and experience in tourism product development with broad exposure to integrated tourism planning and development in the themes of spiritual, and nature- and culture-based tourism. The consultant, who will also act as the team leader, will coordinate the inputs and work plans of all team members and consolidate them to deliver the TA outputs. He or she will coordinate with the Asian Development Bank (ADB), the South Asia Subregional Economic Cooperation (SASEC) Tourism Working Group (TWG), national tourism organizations (NTOs), and other development partners and international nongovernment organizations involved in tourism development in South Asia. The team leader will participate and present the inception, interim, and draft final reports of the TA in the three subregional workshops where TWG members will also be present. The responsibilities of the consultant will include, but not be limited to, the following:

- (i) Review the SASEC Tourism Development Plan (TDP), its strategies, and key programs, including the product-specific programs on Buddhist circuits and ecotourism development.
- (ii) Reassess and confirm the proposed Buddhist circuits and sites of nature- and culture-based ecotourism based on the principles of environmentally and culturally sustainable and socially inclusive tourism in a subregional context. The circuits and destinations proposed should demonstrate a potential to promote subregional tourism growth without causing detriment to local culture and the environment. Other factors that should be taken into account include (a) the updated tourism market analysis; (b) the updated national and subregional priorities; (c) ongoing country-level investments and developments by other development partners since the endorsement of TDP; (d) the uniqueness of the sites in terms of natural, cultural, and historical significance; (e) the potential for fostering private sector investments in developing tourist facilities and services; and (f) the potential for enhancing synergies among the products and themes of Buddhist circuits and ecotourism based on nature and culture.
- (iii) Verify that the combined development of the sites and destinations and products will tap the potential of member countries' products to increase the number of arrivals and length of stay of tourists and yield from tourism in each participating country and the subregion as a whole.
- (iv) Assess overall constraints to tourism development in selected circuits and sites.
- (v) With assistance from tourism infrastructure and services specialists, assess deficiencies in terms of (a) access to the destination and attractions along and contiguous to the circuits, (b) wayside amenities, (c) destination infrastructure and environmental services, (d) destination management and requirements for capacity building for effective tourism and destination management, and (e) visitor management systems in selected priority circuits and sites.
- (vi) Prioritize infrastructure, services, and facility needs along the circuits and at the destinations and develop feasible proposals for (a) infrastructure and services improvements, and (b) sustainable destination management as well as sustainable operation and maintenance of proposed investments. Demonstrate how other key programs of TDP can complement these efforts in terms of cross-border facilitation, private sector participation, and human resource development. With assistance from other consultants, identify the project-specific interventions for travel facilitation, human resource development, and enhanced private sector participation.

- (vii) With assistance from tourism infrastructure specialists and the financial analyst, prepare comprehensive cost estimates and financing plan in accordance with ADB guidelines.
- (viii) With assistance from ecotourism and tourism infrastructure management specialists, and based on the investment program prepared for each country, define appropriate implementation arrangements at the subregional level as well as on a country-by-country basis. Identify a suitable Executing Agency (EA) and implementing agencies based on the proposed improvements and institutional assessments.
- (ix) With assistance from ecotourism and tourism infrastructure specialists, (i) assess the identified EA's capacity for procurement in line with Project Administration Instruction (PAI) 3.01, and (ii) prepare a procurement plan and procurement packages in line with ADB's *Procurement Guidelines* (April 2006, as amended from time to time).
- (x) Coordinate with other key programs of TDP whose progress will affect the expected impact of the ensuing project and recommend measures to minimize adverse effects of possible delays on other programs.

2. Ecotourism Development and Management Specialist
(international, 3 person-months)

2. The consultant's main responsibility is to assist the team leader and members in incorporating into the project the principles of environmentally responsible, culturally sensitive, socially inclusive subregional tourism development and management. The consultant will undertake the following specific tasks:

- (i) Assist the team leader in developing a concept for tourism development based on the principles of environmental and cultural sustainability and social inclusiveness. The concept should include the principles and criteria to be followed in selecting the circuits and destinations as well as priority subprojects/investments in each site. The concept should also promote tapping the potential synergies between spiritual, cultural, and environmental endowments of the subregion.
- (ii) Assist the team leader in reassessing and confirming the priority Buddhist circuits and the sites for nature- and culture-based tourism based on the carrying capacity of the sites and fragile environmental, ecological, cultural systems.
- (iii) Develop measures to ensure that the proposed investment proposals will not adversely affect the environmental and ecological systems.
- (iv) Assist in developing approaches whereby the local communities are (a) linked with current and expanded tourism markets, (b) actively involved in project implementation, and (c) able to share the benefits of increased tourism.
- (v) Identify environmentally sound, socially acceptable, and culturally appropriate technology to be applied in designing investment components.
- (vi) Develop measures to ensure that the tourists, host communities, and the public take effective responsibility for conserving and strengthening the fragile cultural and natural heritage and environment. Assess the need for and develop programs to build environmental awareness and respect among the governments, local community, tourist groups, and the tourism industry.
- (vii) Assist the team leader in developing project implementation arrangements.
- (viii) Develop proposals for sustainable management of ecotourism sites including for critical policy and institutional reforms and capacity building.
- (ix) Assist tourism infrastructure specialists and the team leader in assessing the EA's capacity for procurement in line with PAI 3.01 and in preparing a procurement plan in line with ADB's *Procurement Guidelines* (April 2006, as amended from time to time).

3. Environment Specialist (regional, 3 person-months)

3. The consultant will work closely with the ecotourism development specialist and infrastructure sector specialist and will undertake the following tasks:

- (i) Assist the ecotourism development specialist and team leader in developing a concept of environmentally sustainable tourism development and in developing principles and criteria to be followed in selecting circuits, sites, destinations, and scope of investments.
- (ii) Assist in identifying and developing environmental services components, e.g., water supply, sanitation and solid waste management, air pollution control, and land degradation control.
- (iii) Assess the environmental impacts of the proposed project and prepare as appropriate an initial environmental examination (IEE) of environmental impact assessment (EIA) reports that documents comprehensive environmental impacts of the overall project including the design of appropriate mitigation measures (environmental mitigation and monitoring costs), in accordance with ADB's *Environment Policy* (2002) and *Environmental Assessment Guidelines* (2003). Prepare environmental management plans (EMP) covering environmental mitigating measures, monitoring indicators, environmental monitoring plans, and organizational and institutional arrangements for implementing the monitoring and mitigation program. Work closely with the state and local environmental protection and management agencies to confirm that the EMP is practical and ensure the local ownership of and commitment to implementing it.

4. Tourism Infrastructure, Services, and Management Experts (regional, 13 person-months)

4. Regional consultants will consist of a transport specialist (3 person-months), water sanitation and solid waste management specialist (4 person-months), tourist facility expert (3 person-months), and a destination and tourism management specialist (3 person-months). Their main tasks will be to assess the deficiencies in tourism infrastructure and services in the identified circuits and destinations and develop feasible proposals for priority investments. Specific tasks include the following:

- (i) Assess the constraints to connectivity and access to the destination and attractions along and contiguous to the circuits in terms of roads, rail and air links; identify the needs and appropriate modes of transport; and develop feasible proposals for enhanced connectivity and access.
- (ii) Assess what is needed for wayside amenities, including improved security, comfort of tourists, and border-crossing facilities, and develop feasible proposals for various high-priority amenities.
- (iii) Assess the deficiencies in infrastructure and services in destinations, e.g., local roads and transport, water supply, sanitation, drainage, solid waste management, communication, electricity; develop proposals.
- (iv) Assess the current institutional systems and capacities for tourism destination management, e.g., the roles and responsibilities in planning, operating, and maintaining tourism infrastructure and services, and determine requirements for institutional reforms and capacity building for effective tourism and destination management at the national and local levels as well as among local communities.
- (v) Assess the needs and develop proposals for improved visitor management systems, such as on-site tourist movement control systems, signage, interpretation, and tourist information centers.
- (vi) Assist the team leader in preparing project costs as per ADB guidelines and appropriate project implementation arrangements.

- (vii) Assess the identified EA's capacity for procurement in line with PAI 3.01.
- (viii) Prepare the procurement plan and necessary procurement packages in line with ADB's *Procurement Guidelines* (April 2006, as amended from time to time).

5. Tourism Economist (2.5 person-months)

5. The consultant will have experience in assessing economic costs and benefits of tourism-related projects. He or she will work closely with the team leader and undertake the following tasks:

- (i) Assess the economic impact of joint product development, i.e., subregional tourism project, with reference to economic growth, foreign exchange earnings, employment, and poverty reduction in the subregion.
- (ii) Identify, and to the extent possible, quantify the regional distribution of costs and benefits across countries affected by the proposed project. Identify and demonstrate additional benefits accruing from subregional tourism development as compare to independent country-level investments.
- (iii) Undertake economic analysis of the subprojects and components including an assessment of economic internal rate of return in accordance with ADB's *Guidelines for Economic Analysis of Projects* (2002) and ADB's other relevant technical notes and working papers.

6. Financial Analyst (2.5 person-months)

6. The consultant will have experience in assessing the financial viability, costs, and benefits of tourism projects. He or she will work closely with the team leader and perform the following duties:

- (i) Undertake financial analysis of the project components and subprojects in accordance with ADB's *Guidelines for the Financial Governance and Management of Investment Projects* (2001).
- (ii) Undertake sustainability analysis of each subproject, assess required funding for operation and maintenance of subprojects, assess available sources of funds and funding mechanisms for operation and management, propose appropriate measures for sustainable operation and maintenance of subprojects and components, and assess the scope and propose innovative measures to generate revenues from tourism activities for managing and sustaining tourism.
- (iii) Undertake a financial management assessment of the proposed project of the EA and implementing agencies.

7. Tourism Marketing Specialist (regional, 2 person-months)

7. The expert will undertake the following tasks:

- (i) Assist the team leader in assessing the existing and projected intraregional and interregional market demands for products to be developed under the project. Assist in finalizing the choices in product selection and development.
- (ii) Review the TDP's subregional program on "coordinated marketing", its activities, and progress. In coordination with program managers, identify further needs for project-specific marketing and develop complementary proposals for subregional product marketing.

8. Private Sector Participation Specialist (regional, 1 person-month)

8. The expert will assess the scope of the complementary private sector investments in terms of tourist facilities and services (e.g., hotels, guide services) and public infrastructure that cannot

be financed under the project and which can be attractive and viable for the private sector. He or she will recommend incentives and mechanisms to stimulate investment that is socially and environmentally responsible and arrange an investment forum to promote private investment in the project area in conjunction with the interim workshop.

B. National Consultants

1. Tourism Planning and Regulation Specialists (7 person-months)

9. Experts from each of the participating countries will be recruited to assist the team leader and members in the selection of multicountry tourism circuits and destinations and identification and prioritization of overall investments. They will also identify and recommend the key regulatory requirements for travel facilitation and cross-border movement without which the proposed subregional products will not be viable. The experts will closely coordinate with national tourism organizations and other national stakeholders.

2. Community Outreach and Social Development Experts (8 person-months)

10. Experts from each of the participating countries will be recruited. Their major responsibilities will include but not be limited to the following:

- (i) Provide socioeconomic, demographic, ethnic, and gender profiles of local communities within and contiguous to the selected circuits and destinations.
- (ii) Provide an assessment of community preferences for tourism and willingness to participate in managing prospective tourism development.
- (iii) Develop strategies to actively involve local communities in implementing the project and managing selected outputs of the project.
- (iv) Assist the ecotourism development specialist in ensuring that local communities will be linked to the tourism markets.
- (v) Develop measures to prepare the communities for the increased tourism.
- (vi) Evaluate possible social impacts of increased tourism, assess potential adverse impacts, and develop measures to mitigate them.
- (vii) Develop monitoring and evaluation systems and benchmarks to measure the benefits from and impacts of the projects on local communities.
- (viii) Identify potential adverse impacts on indigenous peoples and assess the need to develop an indigenous peoples development plan in accordance with ADB *Policy on Indigenous Peoples* (1998).
- (ix) Assess the land acquisition and resettlement requirements (LAR) of the proposed project, and alternatives to minimize and avoid the scope of LAR. Assist the member countries in preparing safeguards for LAR according to government regulations and ADB's *Involuntary Resettlement* (1995)

3. Environment Specialists (5 person-months)

11. The national environment specialists will assist the team leader and international ecotourism and environment specialists in (i) assessing the carriage capacity of the environmental systems, (ii) developing environmentally sustainable project proposals, and (iii) assessing the impact of proposed project and developing measures to mitigate adverse environmental impacts.

4. Tourism Infrastructure Development and Management Specialists (6 person-months)

12. The consultants will assist regional tourism infrastructure and management specialists in identifying tourism infrastructure needs and developing feasible proposals for tourism infrastructure development, destination management, and sustainable tourism services delivery.