

DESIGNING A MEDIUM-TERM RESPONSE TO THE ROHINGYA REFUGEE CRISIS

Ideas for Bangladesh,
the International Community,
and the Private Sector

Irene Yuan Sun and Cindy Huang





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About CGD's Work on the Rohingya Refugee Crisis

Bangladesh provides a significant global public good by hosting over one million Rohingya refugees from Myanmar. Most are living in camps in Cox's Bazar District, where resources and livelihoods are strained. Given the lack of progress in Myanmar toward conditions for safe, voluntary, and sustainable return, there is a significant risk that the situation will become protracted. Medium-term planning is therefore critical. The Center for Global Development has been working with local and international partners to understand what that medium-term response could look like.

This report is a synthesis of research on private-sector investment, employment-oriented skills development, forest landscape restoration, and the complementary policy changes and funding needed to operationalize these concrete ideas to benefit refugees and their host communities alike.*

You can find our papers that take deeper dives into each of these components and other solutions at www.cgdev.org/page/solutions-for-bangladesh-hosts-refugees.

* Irene Yuan Sun, John Speakman, and Cindy Huang, "How Business Can Invest in the Future of the Rohingya and Host Community in Bangladesh," Center for Global Development and Tent Partnership for Refugees Brief, December 2019, cgdev.org/publication/how-businesses-can-invest-future-rohingya-and-host-community-bangladesh; Mahreen Khan and Helen Dempster, "Sharing Responsibility for the Rohingya Crisis: What Role Can Labor Mobility Agreements Play?" CGD Note, December 2019, www.cgdev.org/publication/sharing-responsibility-rohingya-crisis-what-role-can-labor-mobility-agreements-play; Heather Tallis et al., "Steps toward Forest Landscape Restoration in the Context of the Rohingya Influx: Creating Opportunities to Advance Environmental, Humanitarian, and Development Progress in Bangladesh," Center for Global Development Policy Paper, July 2019, www.cgdev.org/publication/steps-toward-forest-landscape-restoration; Lauren Post, Rachel Landry, and Cindy Huang, "Moving beyond the Emergency: A Whole of Society Approach to the Refugee Response in Bangladesh," CGD-IRC Note, October 2019, www.cgdev.org/sites/default/files/moving-beyond-emergency-whole-society-approach-refugee-response-bangladesh.pdf.

Preface

In August 2017, Myanmar’s military dramatically escalated its systematic campaign of violence against the Rohingya, causing over 740,000 people to flee to Bangladesh—the fastest exodus of refugees since the Rwandan genocide. A United Nations fact-finding mission concluded that military leaders should be investigated and prosecuted for genocide, crimes against humanity, and war crimes, and the International Criminal Court recently authorized a full investigation into Myanmar.

Today, Bangladesh is providing an immense global public good by hosting over one million refugees. The vast majority of Rohingya are living in densely populated camps in Cox’s Bazar District. The district, among the poorest in the country, is now suffering from strained local resources, rapid deforestation, competition for low-wage jobs, and rises in some commodity prices, to name just a few of the major impacts.

The first and best solution—and top priority—should be the safe, voluntary, and sustainable return of the Rohingya to Myanmar. However, given the complete lack of political will and progress in Myanmar toward meeting these conditions, there is a real risk that this refugee crisis will be protracted and stretch on for at least another decade.

Despite this reality, the majority of funding and programming for the crisis so far has focused on short-term, humanitarian needs rather than medium-term, development solutions, all while refugees lack the right to work, freedom of movement, and an accredited education. Global evidence and CGD research show that development-oriented responsibility-sharing commitments of financing and beyond-aid solutions can drive inclusive growth by generating new economic opportunities for hosts and refugees, alongside policy changes that enable greater refugee self-reliance and reduce aid dependence.

As new conflicts and crises emerge, and donor fatigue looms large, there is a finite window of opportunity to embed a more sustainable, medium-term approach to the crisis. Neither Bangladesh, the region, nor the international community can afford the ever-deepening risks of the status quo—which range from worsening labor market and environmental impacts to increased social tensions and security concerns between refugees and hosts, and child labor, marriage, and human and drug trafficking. The time to act is now.

Since the crisis began, CGD has been working with local and international partners to develop ideas about what this medium-term approach for Bangladesh could look like. We have released a number of papers outlining the ways in which responsibility-sharing commitments from the international community and complementary policy changes can come together to deliver a “triple win”—bringing concrete benefits to Bangladesh as a nation, to the local host community in Cox’s Bazar, and to Rohingya refugees. In this report, we provide a core package of actionable ideas, including private sector investment, employment-oriented skills development, and forest landscape restoration—all buttressed by complementary policy changes and funding recommendations. These interventions are not only good for refugees and their host communities; they are also the only sustainable solution for the medium-term.



Masood Ahmed
President
Center for Global Development

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Executive Summary

Bangladesh is currently providing an enormous global public good by hosting more than one million Rohingya refugees,¹ over 740,000 of whom crossed the border from Myanmar between August 2017 and mid-2018. Fleeing violence and ethnic cleansing in Myanmar, the vast majority of Rohingya are now confined within camps in Cox's Bazar, already one of the poorest districts in Bangladesh.

The first and best solution—and top priority—should be the safe, voluntary, and sustainable return of Rohingya to Myanmar. However, given the lack of political will and progress in Myanmar toward meeting these conditions, there is a real risk that this refugee crisis will become protracted. Credible estimates suggest that in a realistic scenario for repatriation, significant numbers of Rohingya will remain in Bangladesh for more than 10 years.² While Bangladesh and Myanmar have recently attempted small-scale repatriation, these efforts have failed as refugees refused to go back, fearing for their safety. Conditions in Myanmar's Rakhine State continue to deteriorate, and United Nations agencies have been denied full access to areas of return. Despite this outlook, planning so far has been for the short term and focused on aid rather than medium-term economic, environmental, and human development approaches.

This lack of medium-term planning leads to problems for refugees, for the host community in Cox's Bazar, and for Bangladesh as a whole. The needs of over a million refugees extend well beyond single-year planning cycles. Even before the refugee influx, the host community in Cox's Bazar faced one of the highest rates of poverty in the country; it was also among the areas most vulnerable to climate change and most lacking in economic development. The government of Bangladesh has taken important steps to develop the district by investing in a deep-sea port, transport infrastructure (including new rail, airport, and road linkages), and power-generation capacity, but many of these projects are still in relatively early phases and will require sustained efforts for years to come. For Bangladesh as a whole, the refugee crisis threatens to divert attention from its progress toward the Sustainable Development Goals (SDGs), including the commitment to “leave no one behind.”³

The time to act is now. There is a finite window of opportunity to embed medium-term approaches before international attention wanes further and donor fatigue results in even greater funding shortfalls. By a medium-term response, we mean a package of initiatives beyond short-term humanitarian assistance, that seeks to more sustainably address the needs of the Rohingya refugees and the local Bangladeshi

1. Although Bangladesh is not a signatory to the 1951 Refugee Convention, nor does it recognize these new arrivals as refugees, Rohingya who have fled across borders unequivocally meet the definition of *refugee* and are recognized as refugees by the UN High Commissioner for Refugees and the international community. They are provided assistance and protection as such by the UN system, NGOs, and INGOs in cooperation with the government of Bangladesh. The Bangladeshi government classifies Rohingya who have fled to Bangladesh from Myanmar since August 2017 as Forcibly Displaced Myanmar Nationals.

2. UN Development Programme Bangladesh Country Office, “Impacts of the Rohingya Refugee Influx on Host Communities,” November 2018, issuu.com/bdundp/docs/impacts_of_the_rohingya_refugee_inf.

3. As the Bangladesh Planning Commission wrote in its 2018 SDG progress report, “The sudden influx of almost a million Rohingya refugees in [the] Teknaf area has put enormous pressure on drinking water and sanitation facilities” (p. 78), and “[the] recent influx of Rohingya refugees from Myanmar is putting tremendous pressure on remaining forests in [the] Teknaf-Cox's Bazar range” (p. 150). *Sustainable Development Goals: Bangladesh Progress Report 2018*, Government of Bangladesh Ministry of Planning, Bangladesh Planning Commission General Economics Division, December 2018, [undp.org/content/dam/bangladesh/docs/Publications/Pub-2019/SDGs-Bangladesh-Progress_Report%202018%20\(1\).pdf](http://undp.org/content/dam/bangladesh/docs/Publications/Pub-2019/SDGs-Bangladesh-Progress_Report%202018%20(1).pdf).

host community, as well as to support Bangladesh in achieving its national goals of economic growth and poverty alleviation, including acceleration of its ongoing infrastructure and economic development efforts in Cox’s Bazar. A critical component of a medium-term response is “responsibility sharing”: the notion that global actors, including the international community and the private sector, should assist Bangladesh in ensuring the welfare of refugees from a crisis that it did not cause or create.

To be clear, the medium-term approaches proposed here are not meant to address the entirety of the Rohingya refugee crisis, since the ultimate solution—safe, voluntary, and dignified repatriation—is contingent upon actions to secure justice and accountability for Myanmar’s atrocities, alongside policy reforms to guarantee Rohingyas’ citizenship, freedom of movement, and livelihoods in Rakhine. Our medium-term approach is based on the reality that progress with Myanmar will take time.

During this period of protracted displacement, a medium-term response can be a “triple win”—it can bring concrete benefits to Bangladesh as a nation, to the host community in Cox’s Bazar, and to the Rohingya:

- For Bangladesh, international support can bring much-needed investment and economic opportunities that it otherwise would not receive. This type of support would help ensure continued progress toward Bangladesh’s important national goals of sustaining gross domestic product growth, increasing investment and foreign direct investment, alleviating poverty, and improving environmental sustainability.
- For some members of the host community in Cox’s Bazar, refugee arrivals have created new economic opportunities. But the area is also suffering from increased deforestation, competition for low-wage jobs, rises in some commodity prices, and other impacts from suddenly receiving well over half a million new neighbors. The approaches proposed here would concentrate

job creation and skills building in the local area, and promote forest landscape restoration.

- And although most of the ideas proposed here are focused on creating benefits for the local Bangladeshi host community and growing the overall welfare, there would be direct benefits to refugees in the form of new livelihoods and skill-building opportunities.

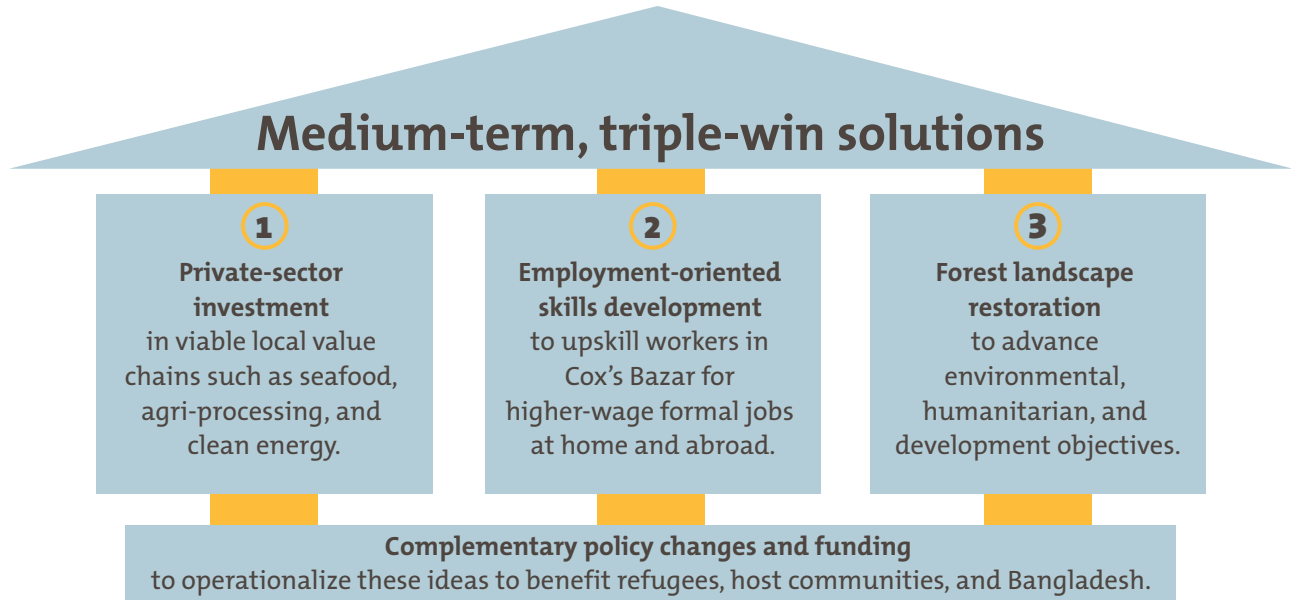
Finally, medium-term approaches also mitigate the risks of the status quo, which include increases in social tension between refugees and the local host community; negative coping mechanisms among refugees, such as child labor, child marriage, and human and drug trafficking; and worsening impacts on the local environment and some parts of the local economy in Cox’s Bazar.

We propose a three-part approach involving increased private-sector investment, employment-oriented skills development, and forest landscape restoration—all underpinned by complementary policy changes and funding. Of course, there is important other work that needs to be done to support the Rohingya and host communities in the medium term, but our research suggests that the ideas illustrated and described below can be feasibly pursued and can form the core of a package of medium-term approaches.

- 1. *Private-sector investment*** into the historically underdeveloped Cox’s Bazar area. This approach aligns with the government of Bangladesh’s overall goals to boost private-sector investment in order to ensure continued rapid economic growth and poverty alleviation. We propose a focus on private-sector growth and job creation in Cox’s Bazar by crowding in private-sector investment into promising local value chains such as seafood, agri-processing, and clean energy.

Based on our preliminary assessment, we have identified five ideas that are likely to have sustainable business cases (although some incentives may be needed in the beginning phases),

Components of a medium-term approach to addressing the Rohingya crisis



will generate local employment, and are likely to garner private-sector interest. To spur private-sector investment into these and other sectors in Cox's Bazar, the government of Bangladesh and donors should work together to create and fund mechanisms such as investor facilitation, concessional financing to encourage investment, technical assistance, and disaster risk insurance—as well as increase support of and accountability for decent working conditions.

- 2. *Employment-oriented skills development*** to upskill workers in Cox's Bazar to match with higher-wage, formal job opportunities in expected growth sectors such as construction and the formal services sector, both in Bangladesh and abroad. This could be done through focused short-term training programs to fill specific employer job needs for workers such as welders, construction machinery operators, and hotel clerks.

Another idea is the Global Skill Partnership model—an international labor migration program that could be employed to train Bangladeshi citizens in the host community, some of

whom would stay in Cox's Bazar while others go abroad to work. This model would improve the skills of and job opportunities available to the host community while also growing remittances that could be used to alleviate poverty and contribute to local development. Over time, and as livelihood opportunities grow, refugees could receive training for local jobs.

- 3. *Forest landscape restoration*** to turn back the worrisome trends of deforestation and environmental degradation accelerated by the influx of refugees. Programming in this area should focus on improving the efficiency and impact of reforestation investments; improving seedling survival and benefits inside and outside camps; improving disaster resilience and nutrition inside camps; and increasing ecological and social benefits outside camps. We also recommend that financial investment in restoration be increased substantially in order to optimize potential benefits, by means including livelihoods programs to support hosts and refugees to maintain and make sustainable use of environmental resources.

These three initiatives will not be possible or achieve full impact unless they are accompanied by **complementary policy changes and funding**. Policy changes should include those that facilitate growth and development, and those that support greater refugee self-reliance. The government of Bangladesh should work with local authorities and the international community to define a medium-term plan for Cox's Bazar that works toward collective and common development outcomes, including relevant business and regulatory reforms, in line with national goals and the

SDGs. The international community should support this plan through multiyear funding commitments. The government of Bangladesh should also expand refugee rights in the longer term by granting refugees the right to work, freedom of movement, and access to accredited formal education. International partners should form a medium-term planning group to coordinate assistance—both technical and financial—to the government of Bangladesh on medium-term plan development and implementation.

Introduction

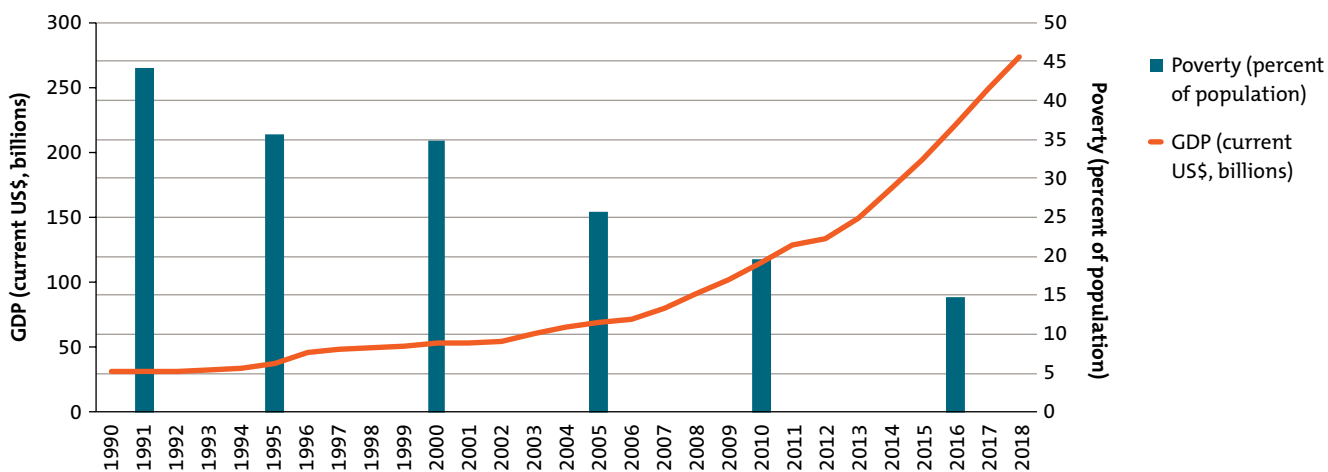
Bangladesh's economic context, progress, and goals

Bangladesh is a rapidly growing lower-middle-income country. Over the last decade it sustained gross domestic product (GDP) growth of over 6 percent a year, and it is expected to graduate from UN least developed country (LDC) status by 2024.¹ This is a tremendous achievement: over the past generation, Bangladesh has reduced its poverty rate by two-thirds, from 44 percent in 1991 to 14 percent in 2016–2017 (figure 1).² This dramatic fall has been accompanied by equally momentous progress in social indicators: maternal mortality

dropped by 40 percent from 2000 to 2010, and Bangladesh is one of the few developing countries globally to have achieved gender parity in both primary and secondary school enrollment.³

Bangladesh's core national goals are ambitious, and many are economic in nature. The government's *Vision 2021* and *Vision 2041* prioritize rapid economic growth to transform Bangladesh into an upper-income country by 2041.⁴ To do so, Bangladesh will need to generate more than two million jobs per year, making job creation the single most important national goal for the country. The types of jobs also matter: Bangladesh

Figure 1. Over the past generation, Bangladesh has sustained impressive GDP growth and poverty reduction



Sources: World Bank, “GDP (Current US\$)—Bangladesh,” data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=BD (accessed September 2, 2019); World Bank, “Poverty Headcount Ratio at \$1.90 a Day (2011 PPP) (% of Population—Bangladesh),” data.worldbank.org/indicator/SI.POV.DDAY?locations=BD (accessed September 2, 2019).

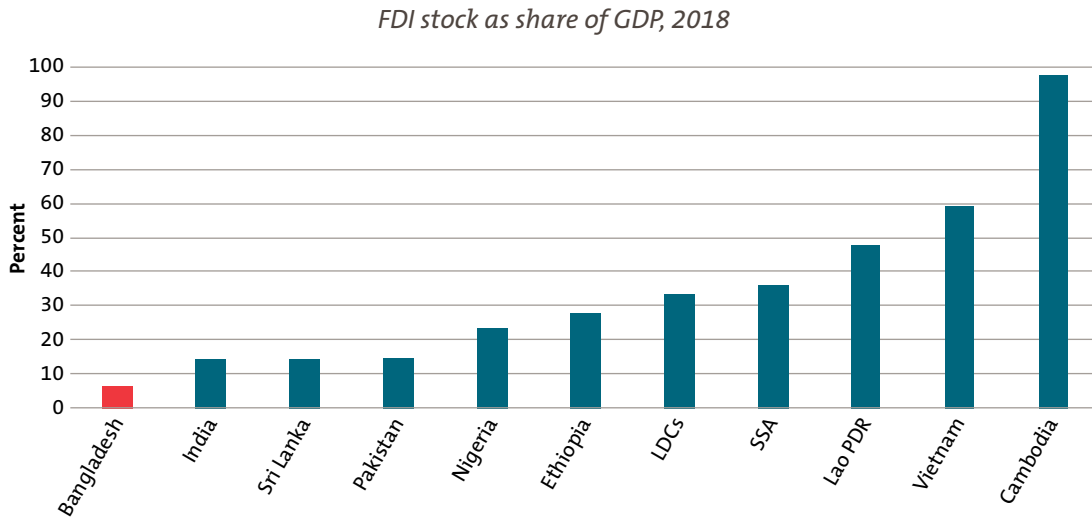
1. GDP growth from the World Bank National Accounts data, data.worldbank.org/indicator/NY.GDP.MKTP.CD, accessed June 10, 2019; Nathalie Risse, “Bangladesh, UN Consider Expected LDC Graduation in 2024,” SDG Knowledge Hub, December 18, 2018, sdg.iisd.org/news/bangladesh-un-consider-expected-ldc-graduation-in-2024/.

2. “Bangladesh: Reducing Poverty and Sharing Prosperity,” Result Brief, World Bank Group, November 15, 2018, worldbank.org/en/results/2018/11/15/bangladesh-reducing-poverty-and-sharing-prosperity.

3. Ibid.

4. Government of Bangladesh, *Vision 2021*, Centre for Policy Dialogue, Dhaka, 2007, cpd.org.bd/wp-content/uploads/2007/08/Bangladesh-Vision-2021-English.pdf; “Goal of Becoming a Developed Nation by 2041,” *Dhaka Tribune*, April 26, 2017, dhakatribune.com/bangladesh/2017/04/26/goal-becoming-developed-nation-2041.

Figure 2. Bangladesh’s foreign direct investment stock is low compared with that of peer countries and regions



Source: UN Conference on Trade and Development, UNCTAD Stat database, unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx, (accessed November 5, 2019).

Note: LDCs = least developed countries; PDR = People’s Democratic Republic; SSA = sub-Saharan Africa.

aspires to diversify beyond its current strength in ready-made garments to more sophisticated manufacturing types, as well as value-added services. In addition, Bangladesh is one of the most vulnerable countries in the world to the impacts of climate change. Hence, the government’s *Delta Plan 2100* makes it clear that rapid economic growth must occur in tandem with investments in climate resilience, bringing together water and climate management with economic development priorities.⁵

To reach these goals, Bangladesh will need to overcome several major challenges in investment and foreign direct investment (FDI) levels, productivity, business environment, and labor protections. The World Bank estimates that Bangladesh needs investment levels of around 33 percent of GDP to maintain its growth trajectory; to date, investment has languished at lower

levels, around 30 percent.⁶ Despite record-high levels of FDI inflows last year, FDI is about 6 percent of GDP in Bangladesh, versus more than 50 percent of GDP in peer countries such as Cambodia and Vietnam.⁷ Bangladesh also lags its fellow South Asian countries, such as India, Pakistan, and Sri Lanka, as well as the average for LDCs and for sub-Saharan Africa (figure 2).

In addition, Bangladesh’s leading industries suffer from a productivity gap. Bangladesh is the world’s second-largest garments exporter, after China. However, in terms of labor productivity, it significantly lags behind peer countries such as Cambodia, India, and Vietnam.⁸ And Bangladesh has a long way to go in ameliorating its generally poor business environment, as evidenced by its world ranking of 176th in the World

5. *Bangladesh Delta Plan 2100: Bangladesh in the 21st Century*, Government of Bangladesh Planning Commission, General Economics Division, October 2018.

6. Sanjay Kathuria, Mariem Mezghenni Malouche, Peter Kusek, and Nadeem Rizwan, “Attracting Foreign Direct Investment,” in *Strengthening Competitiveness in Bangladesh—Thematic Assessment: A Diagnostic Trade Integration Study*, edited by Sanjay Kathuria and Mariem Mezghenni Malouche, World Bank Group, Washington, DC, 2016, p. 237.

7. *Ibid.*, pp. 240–241.

8. Mohammad A. Razzaque and Nuzat Tasnim Dristy, “Automation, Jobs and Industrialization,” *Policy Insights: Business, Economics, and Development Intelligence*, April 2018, pp. 6–11.

Bank's Doing Business rankings.⁹ Bangladesh will also need to improve working conditions and labor rights for workers, which are important both in their own right and to achieve the best possible trade terms after the Rana Plaza disaster, which led to the suspension of preferential trade terms with the United States.¹⁰ Hence, despite recent positive steps such as the creation of a "one-stop shop" for investors and plans for 100 special economic zones across the country, Bangladesh will need significant continued effort to reach its ambitious national goals.¹¹

The Rohingya crisis

Against this backdrop, over 740,000 Rohingya refugees fled ethnic cleansing and violence in Myanmar and crossed the border into Bangladesh between August 2017 and mid-2018. With these added to previous Rohingya refugee influxes, the total number of Rohingya refugees being hosted in Bangladesh now exceeds one million, the vast majority of whom live in camps in Cox's Bazar District without the right to work and without freedom of movement. In Teknaf and Ukhaia, the two subdistricts hosting the vast majority of Rohingya, refugees now outnumber locals by nearly three to one.¹² Domestic and international help arrived swiftly, but as in many other refugee situations, donor fatigue is already beginning to set in. As of October

2019, only 55 percent of the 2019 Joint Response Plan funding had been met.¹³

This high number of refugees has put significant strain on Cox's Bazar. Even before the Rohingya influx, the district's average income and GDP growth rate lagged behind the national average.¹⁴ Recent studies have found that one-third of Cox's Bazar residents live below the poverty line, and half the population is illiterate.¹⁵ The district is also highly vulnerable to climate change: a World Bank report found that Cox's Bazar and the nearby district of Bandarban are the top two climate hotspots in Bangladesh and will likely face an 18 percent decline in living standards due to climate change by 2050.¹⁶ Economic activity in the district consists mainly of small-scale agriculture and fishing, with 90 percent of farm holdings classified as small scale.¹⁷ Most firms are micro, small, and medium enterprises (MSMEs) using low-efficiency, subscale production methods; the average manufacturing firm in Cox's Bazar has only 2.4 employees.¹⁸ Hence, a major challenge for the area, even before the latest Rohingya influx, was how to grow and modernize local value chains to create more and higher-paying jobs for the residents of Cox's Bazar.

Fundamentally, the first and best solution—and top priority—should be the safe, voluntary, and sustainable return of Rohingya to Myanmar. However, given the lack of political will and progress in Myanmar toward meeting these conditions, there is a real risk that this refugee crisis will become protracted. Credible estimates suggest that in a realistic scenario for repatriation, significant numbers of Rohingya will remain in

9. 2019 Doing Business rankings, World Bank, accessed June 10, 2019, doing-business.org/en/data/exploreeconomies/bangladesh.

10. Note, however, that US preferences did not include garments, so the suspension was primarily symbolic. In addition, the EU is conducting enhanced engagement with Bangladesh (as well as Cambodia and Myanmar) over preferences and human rights issues. "Statement by the U.S. Government on Labor Rights and Factory Safety in Bangladesh," Office of the United States Trade Representative, July 19, 2013, ustr.gov/about-us/policy-offices/press-office/press-releases/2013/july/usg-statement-labor-rights-factory-safety. For a brief background on the Rana Plaza disaster, see "The Rana Plaza Accident and Its Aftermath," International Labour Organization, ilo.org/global/topics/geip/WCMS_614394/lang--en/index.htm.

11. Mohammad A. Razzaque, Bazlul H. Khondker, and Abu Eusuf, "Promoting Inclusive Growth in Bangladesh through Special Economic Zones: A Research Paper on Economic Dialogue on Inclusive Growth in Bangladesh," Overseas Development Institute, March 2018.

12. "2019 Joint Response Plan for Rohingya Humanitarian Crisis—January to December," Inter Sector Coordination Group, February 2019, humanitarianresponse.info/en/operations/bangladesh/document/2019-joint-response-plan-rohingya-humanitarian-crisis-january.

13. "Rohingya Humanitarian Crisis Joint Response Plan 2019 Funding Update as of 2019.10.22," Inter Sector Coordination Group, October 22, 2019, reliefweb.int/report/bangladesh/rohingya-humanitarian-crisis-joint-response-plan-2019-funding-update-20191022.

14. Alberto Francesco Lemma, Maria Quattri, Jessica Hagen-Zanker, Caitlin Wake, Selim Raihan, and Abu Eusuf, "Bangladesh Economic Dialogue on Inclusive Growth: Strategies for Inclusive Growth in Cox's Bazar," EDIG Research Reports #4, Overseas Development Institute, September 2018.

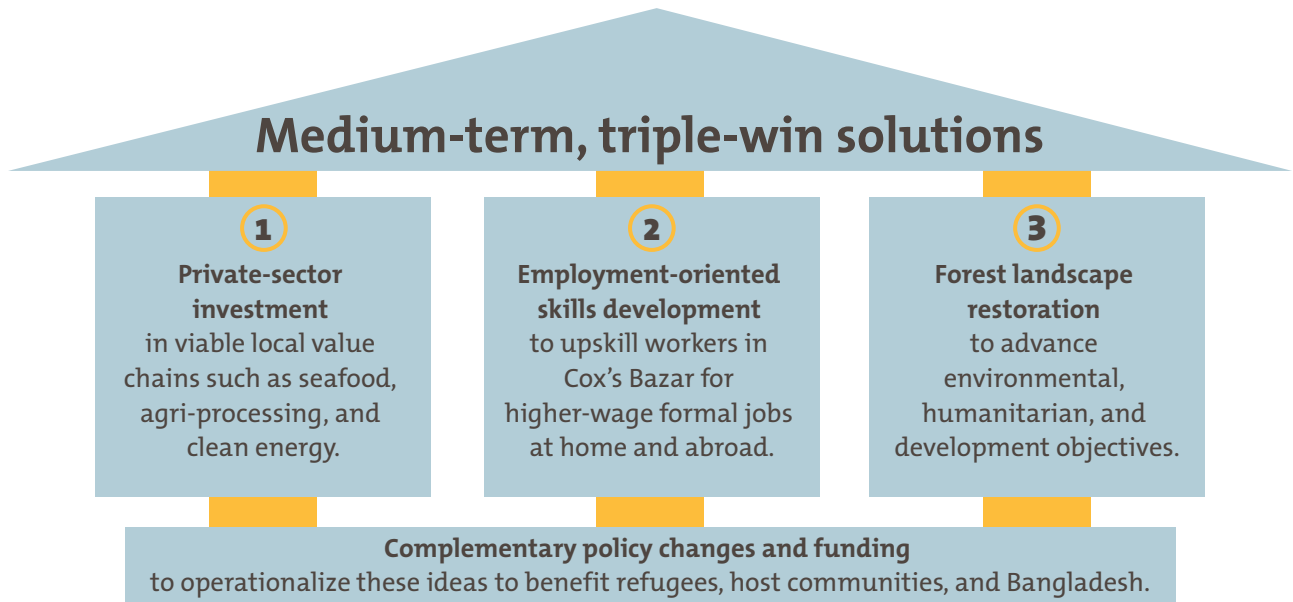
15. Ibid.

16. Muthukumara Mani, Sushenjit Bandyopadhyay, Shun Chonabayashi, Anil Markandya, and Thomas Mosier, *South Asia's Hotspots: Impacts of Temperature and Precipitation Changes on Living Standards*, South Asia Development Matters, World Bank, Washington, DC, 2018, openknowledge.worldbank.org/handle/10986/28723.

17. Ibid.

18. Ibid.

Figure 3. Components of a medium-term approach to addressing the Rohingya crisis



Bangladesh for more than 10 years.¹⁹ While Bangladesh and Myanmar have recently attempted small-scale repatriation, these efforts have failed as refugees refused to go back, fearing for their safety. Conditions in Myanmar's Rakhine State continue to deteriorate, and UN agencies have been denied full access to areas of return. Despite this outlook, planning so far has been for the short term and focused on aid rather than medium-term economic, environmental, and human development approaches.

The government's goal of improving prospects for the citizens of Cox's Bazar remains relevant, even in the face of the Rohingya situation. Hence, the question becomes one of planning: How best can Bangladesh be supported to meet its goals and aspirations even while it is providing the enormous global public good of hosting the Rohingya? And given that Bangladeshi citizens in Cox's Bazar will continue to live side by side

19. UN Development Programme Bangladesh Country Office, "Impacts of the Rohingya Refugee Influx on Host Communities," November 2018, issuu.com/bdundp/docs/impacts_of_the_rohingya_refugee_inf.

with significant numbers of Rohingya refugees for over 10 years, what can be done to improve outcomes for all the residents of this district?²⁰

Based on an 18-month research project that included literature reviews, expert interviews, consultations, workshops, and field research, we propose a medium-term package with three components, (1) increased private-sector investment, (2) employment-oriented skills development, and (3) forest landscape restoration, all supported by complementary and enabling policy changes (figure 3).

20. Although Bangladesh and the Rohingya crisis are unique, there are lessons from refugee situations elsewhere in the world, particularly on ways in which the international community can make concrete commitments to support developing countries to continue to grow their economies and create jobs while hosting large numbers of refugees. Please see "Refugee Compacts: Addressing the Crisis of Protracted Displacement," CGD-IRC Report, April 2017, www.cgdev.org/publication/refugee-compacts-addressing-the-crisis-of-protracted-displacement; Cindy Huang, Sarah Charles, Lauren Post, and Kate Gough, "Tackling the Realities of Protracted Displacement: Case Studies of What's Working and Where We Can Do Better," CGD-IRC Brief, April 2018, www.cgdev.org/publication/tackling-realities-protracted-displacement-case-studies-whats-working.

We focused our attention on these components because they represent areas of strong overlap between the concerns and needs of all three key constituencies that deserve sustainable, medium-term support: the Rohingya refugees, the host community in Cox's Bazar, and Bangladesh as a whole. These are preliminary ideas, and we invite others to work on program design,

business case development, and additional research to improve, revise, and ultimately implement these approaches.

We believe that all of these components should be developed as quickly as possible into a medium-term, whole-of-society operational plan accompanied by funding commitments.

Component 1.

Private-Sector Investment

We have identified five potentially promising ideas for increased private-sector investment that could help Bangladesh meet its national economic development goals, improve the job opportunities for locals from Cox's Bazar, and provide more sustainable support for refugees. These ideas are based on more than 50 interviews undertaken between May and July 2019 with businesses of all sizes, including small and medium enterprises (SMEs) in Cox's Bazar, leading national Bangladeshi firms, and multinational firms, as well as local and national government officials, and humanitarian and development experts.

In identifying these ideas, we considered three key criteria:

- **Potential for a self-sustaining business case.** Although humanitarian programs such as cash for work have provided much-needed short-term relief to some host community members and refugees, we sought to identify investments and/or value chains that have the potential to be sustainable on their own, without aid, charity, or significant subsidies in the long term (although some of the following ideas may need concessional or grant funding to get started).
- **Potential for employment, especially for low-income residents.** Given the acute need for poverty alleviation among both the host community and the refugee population, we prioritized value chains and ideas that have job creation potential, especially for those with low incomes and/or low levels of formal education.

- **Private-sector interest.** Ultimately, the best theoretical business case is futile without a motivated private sector willing to do the hard work of making a real investment and solving the day-to-day challenges of running a business. We have tested these ideas directly with the private sector in each of the industries mentioned below and have favored ones with at least preliminary private-sector interest.

We recognize that private-sector development and investment has long been a challenging issue for this region of Bangladesh, and there are complex reasons why this investment is not already taking place. Other regions of Bangladesh, such as Dhaka and Chittagong, have been hubs of business activity and public investment in recent years, and many businesses have found readily available, high-return-on-investment opportunities in these locales but have not yet explored Cox's Bazar as an investment destination. The political economy of the Cox's Bazar region presents challenges for some industries; anecdotally, for example, road construction and salt processing are controlled by powerful locals. Historically, Cox's Bazar suffered from an infrastructure deficit, and it will take several more years before current efforts to expand rail, air, and road linkages are completed. The region also has low education levels and a scarcity of human capital, including managerial capacity. And it has suffered from cyclones and other natural disasters, with few risk mitigation mechanisms available to local businesses. These challenges mean that international development partners have a significant role to play through increased concessional financing and other investment facilitation measures.

Despite the challenges, we believe that there are value chains viable for private-sector investment. But growing these value chains and creating socially positive outcomes such as jobs, increased productivity and competitiveness, and skills upgrading will require public investment to attract private-sector interest and capital and to mitigate risks. Such public investment likely includes additional and/or accelerated investments in infrastructure. However, as noted above, we have specifically identified ideas for investment that do not require public subsidies or incentives in perpetuity.

One important caveat remains: these are preliminary ideas, and much more detailed exploration, feasibility studies, and business case development is needed to test their viability and turn them into reality. We hope that stakeholders, especially the private sector and key parts of government, will take these ideas, test them more thoroughly, add to them, and ultimately turn these and other investment ideas into reality in Cox's Bazar. As they do so, it is imperative that efforts to promote investment and create linkages with national and international value chains also include a strong focus on guaranteeing decent working conditions in accordance with local and international standards and laws.

Idea 1:

Invest in local SME growth and create linkages to higher-value national and global value chains

Most enterprises in Cox's Bazar are MSMEs serving the local market and unconnected to higher-value, higher-productivity regional, national, and global value chains. The humanitarian response in Cox's Bazar presents an unprecedented opportunity to grow and upgrade the MSME sector and link these businesses to higher-value customers and contracts. Humanitarian agencies can become the first large-scale customers of local businesses, who can use this experience to expand and professionalize, thus qualifying for larger contracts in the future.

Two examples of potential nonhumanitarian contracts include procurement related to the Matarbari-Moheshkhali deep-sea port and energy complex, and the supply chain related to the tourism sector in Cox's Bazar. In addition to creating jobs immediately, these supplier-driven development initiatives will help reverse the rising tide of dissatisfaction of Cox's Bazar residents as evidenced in the campaign for greater "localization" of the humanitarian response. Some residents feel they are not benefiting adequately from the opportunities injected into the local economy by humanitarian activity, for example because supplies are being provided by international or Dhaka-based companies.

This model has instructive antecedents. A local food processor in Cox's Bazar called Gonoshasthaya has, in the past, produced fortified food for use in World Food Programme and UNICEF humanitarian programs. However, the company's machinery has become obsolete and requires around \$400,000²¹ of upgrades to adhere to food safety standards for current humanitarian procurement. Since the latest refugee influx in 2017, the company has been unable to supply to these agencies.²² Many other SMEs in Cox's Bazar are similarly unable to serve humanitarian contracts because they lack capital for needed investments, professionalized management and systems, and the capabilities and operating experience needed to fulfill the requirements to successfully submit and win relatively complex donor-issued tenders. The World Food Programme has made some important initial steps by working with Bangladeshi retailers to distribute its food aid, but at least one participating retailer had initial difficulties participating due to the large up-front investment in capital expenditures and working capital needed to serve the World Food Programme contract.²³

Nationally, one analogous model is Bangladeshi telecom provider Grameenphone's supplier program,

21. All dollar figures are quoted in US dollars unless otherwise indicated.

22. Interviews with local industry, Center for Global Development research mission to Bangladesh, May 2019.

23. Ibid.

which has trained more than 1,000 suppliers on compliance, labor, ethical, and other standards while providing them contracts with Grameenphone. This program has allowed many of the participating vendors to professionalize their services and become eligible to serve other large customers.²⁴ Another example from global experience is the work of Building Markets, an NGO that finds and verifies competitive local businesses, matches them to the demands of buyers, and trains local businesses on procurement processes and other critical skills needed to win contracts.²⁵ In Afghanistan, Building Markets has helped 680 Afghan businesses win 1,300 contracts valued at over \$1 billion.²⁶ A third example is the USAID-supported Local Enterprise Support Project in Jordan. The program supported MSMEs in Jordan through conducting business trainings, strengthening business associations, and improving access to finance, and resulted in more than 1,400 MSMEs with increased revenues.²⁷

Humanitarian aid agencies working in Cox's Bazar should conduct a detailed analysis of procurement spending and analyze which categories of goods have potential local suppliers. Because most local suppliers do not currently meet the requirements to serve international procurement contracts, they will need training and support to upgrade their skills and processes to be able to meet these requirements. Donors and NGOs can help by implementing a Grameenphone-like intensive supplier training and upgrading model for local businesses. In selected instances, they can consider revising their procurement policies to loosen or waive requirements difficult for local Cox's Bazar businesses to fulfill, such as the World Food Programme's requirement that for some contracts, the supplier must have five years of experience and professionally audited accounts. This approach would entail some additional financial risk for the procuring agency, and

non-procuring donors can assist by creating financial backstops or risk-sharing agreements with procuring agencies. In addition, development institutions can provide financing mechanisms such as working capital funds and concessional loans to help small- and medium-scale private-sector players gain the financial capacity to serve larger contracts.

Idea 2:

Link handicrafts production by Rohingya women with global apparel and home goods value chains

The Rohingya community has a long history of producing high-quality and intricate handicrafts, including carved wooden objects, embroidery, and other labor-intensive crafts. Much of their production was disrupted when they were uprooted from their homes in Myanmar and forced to flee into Bangladesh. Today, some small-scale skills-building programs are starting to resuscitate specific crafts, such as embroidery, among refugee women as a way to deal with trauma and build skills. These programs are an important contribution to trauma recovery and cash assistance for women in particular. In addition, since these handicraft skills are specific to the Rohingya community, these activities largely do not displace local labor.

These programs have the potential to take on a more sustainable livelihoods dimension if the resulting products could be linked to national and international value chains in a manner that ensures decent working conditions.²⁸ One way to do so would be to allow piecework such as embroidery and other labor-intensive crafts produced inside the camps to be brought outside the camps and incorporated into clothing and home goods destined for local and international markets.

24. Ibid.

25. "What We Do," Building Markets website, buildingmarkets.org/what-we-do.

26. "Afghanistan: Overview & Impact," Building Markets website, buildingmarkets.org/our-impact/afghanistan.

27. "USAID LENS 2018 Highlights," USAID Local Enterprise Support Project, jordanlens.org/content/achievements.

28. When linking handicraft production (or other employment opportunities) to global, national, or local suppliers, companies must guarantee decent working conditions in accordance with local and international standards. Where refugees are involved, additional measures are necessary given their particular vulnerabilities. Groups such as the Ethical Trading Initiative provide a variety of resources to help companies ensure decent work, including work for refugees; "Syrian Refugees Working in Turkey's Garment Sector," Ethical Trading Initiative, ethicaltrade.org/programmes/syrian-refugees-working-turkeys-garment-sector.

While such programs may begin as corporate social responsibility initiatives, they could become part of core business. For example, Ikea implemented a similar model in Jordan, whereby the company hired refugee women to produce handcrafted home goods to be sold in its retail stores.²⁹ Another example is the Made51 initiative by the UN High Commissioner for Refugees (UNHCR), which has supported social enterprises in Africa and Asia that sell home goods, clothing, and jewelry crafted by refugees. In Bangladesh, BRAC's Aarong social enterprise already works in host communities in Cox's Bazar to train rural craftspeople and to produce nationally sold clothing and home goods. BRAC also already runs embroidery skills training centers inside the camps for refugee women.³⁰ With the support of the Bangladesh government and the international community, those initiatives could be linked to downstream market opportunities, such as global clothing and home goods buyers, to create greater and more sustainable livelihoods for these women. As plans for the tourism-based special economic zones in Cox's Bazar are implemented, there may also be significant opportunities to market handicrafts to tourists.

Ideally, once trained, Rohingya refugee women would be allowed to work outside the camps, since there are no factories or workshops inside the camps. This move would require policy changes to the existing regulations preventing freedom of movement for refugees. As an interim step, refugee women could earn cash for piecework created inside the camps that is then transported outside the camps to be incorporated into finished pieces, such as in the Aarong factories located in host communities. This model could be “plug-and-play” for international brands: given the existence of an experienced local organization like Aarong, companies could leverage their existing systems to receive

29. Anne Quito, “Syrian Refugee Women Are Finding Shelter—and a Salary—in Ikea’s Supply Chain,” *Quartz*, October 13, 2017, qz.com/1098762/ikea-social-entrepreneurs-in-jordan-syrian-refugee-women-are-finding-a-shelter-and-a-salary-in-ikeas-supply-chain/.

30. Caroline Gluck, “Rohingya Refugee and Bangladeshi Women Weave a Brighter Future,” UNHCR, April 16, 2019, [unhcr.org/en-us/news/stories/2019/4/5cb4e75c4/rohingya-refugee-bangladeshi-women-weave-brighter-future.html](https://www.unhcr.org/en-us/news/stories/2019/4/5cb4e75c4/rohingya-refugee-bangladeshi-women-weave-brighter-future.html).

orders, train workers, handle logistics, manage operations, and ensure quality control.

In addition to benefiting refugees and the host community with income to fill immediate needs and reduce the risk of poverty, this proposed model holds benefits for Bangladeshi industry and supports longer-term prospects for refugee return. Global evidence suggests that such a linkage with international markets results in greater productivity and profitability of SMEs; in Egypt, a randomized controlled trial found that small-scale rug producers that were offered the opportunity to export to high-income markets improved their product quality and achieved 15 to 26 percent greater profits.³¹ In addition, the creation of livelihood opportunities for refugees supports their sustainable return to Myanmar once conditions are safe to do so. According to a World Bank study on the global experience with refugee returns, “the extent to which life in exile provides space to pursue livelihoods and build up assets can therefore be critical for the ability to reintegrate and reestablish livelihoods upon return.”³²

Idea 3:

Revitalize and upgrade the local fish, shrimp, and seafood value chains for export markets

With its long coastline and natural water resources, Cox's Bazar is naturally endowed for fish and other seafood production, but currently, this potential is severely underrealized. Even so, Cox's Bazar already has a significant fish and shrimp industry, which supports approximately 5,000 commercial establishments and nearly 100,000 jobs.³³ However, seafood proces-

31. David Atkin, Amit K. Khandelwal, and Adam Osman, “Exporting and Firm Performance: Evidence from a Randomized Trial,” *The Quarterly Journal of Economics* 132, no. 2 (2017): 551-615.

32. Niels V. Harild, Asger Christensen, and Roger William Zetter, “Sustainable Refugee Return: Triggers, Constraints, and Lessons on Addressing the Development Challenges of Forced Displacement,” World Bank Group, 2015, p. x, documents.worldbank.org/curated/en/542611468188337350/pdf/99618-WP-PUBLIC-Box393206B-Sustainable-Refugee-Return-15Sept-WEB-PUBLIC-LIC.pdf.

33. Alberto Francesco Lemma, Maria Quattri, Jessica Hagen-Zanker, Caitlin Wake, Selim Raihan, and Abu Eusuf, “Bangladesh Economic Dialogue on Inclusive Growth: Strategies for Inclusive Growth in Cox's Bazar,” EDIG Research Reports #4, Overseas Development Institute, September 2018, pp. 15-16.

sors report closing plants in Cox's Bazar in recent years because a consistent supply of raw materials is lacking in the local area. Instead, they have shifted production to Khulna.³⁴ In addition, the banning of fishing on the Naf River after the recent refugee influx has endangered the livelihoods of local fishermen, already some of the poorest residents of Cox's Bazar.

There seems to be potential to resuscitate aquaculture and shrimp production, although both value chains should be further studied, verified, and piloted, ideally with private-sector businesses in the lead. To reach the full potential of these promising value chains, businesses, together with policymakers, should take a market-based approach to simultaneously resuscitate multiple parts of the value chain, as the business case in one part of the value chain cannot be fully realized without other parts of the value chain functioning better as well. This approach should be developed with the private sector in order to grow both domestic and export markets, and to enable businesses to "move up the value chain"—that is, to participate in higher-value activities in the value chain. In addition to generating positive economic impacts, these investments are also complementary to Bangladesh's national goals to diversify its export basket beyond ready-made garments and to better ensure food safety policies and standards.

On the aquaculture side, the Food and Agriculture Organization of the UN (FAO) has identified strong potential to grow pond fishery production through the adoption of better technology. According to FAO analysis, current production is only 15 percent of the potential 5,615 metric tons per year.³⁵ The FAO has already started a pilot of 9 fishponds in the host community, and the World Food Programme has started a pilot of 10 fishponds in the Rohingya refugee camps³⁶ (the latter aims primarily to supplement household

diets rather than to encourage economic activity). These efforts should continue and be rapidly scaled up if successful. In addition, the creation of processing capacity and downstream market linkages could be helpful in adding value to raw seafood and avoiding product wastage. As fish production increases, donors can introduce complementary programming for processors in the area to produce better-quality dried fish. They can also introduce a certification and a consumer-facing brand that verifies and communicates food safety and quality, which have been pervasive concerns, regarding dried fish in particular.

The government of Bangladesh could also help encourage a healthy, high-quality, competitive industry by better enforcing food safety policies and standards and by making complementary investments in labs, supply chain tracking, and information campaigns. In addition, development agencies can introduce national and international investors to help rebuild freezing capacity in Cox's Bazar, and to help local processors link to international buyers such as major supermarket chains and consumer food companies in Asia. Finally, as the Cox's Bazar airport expansion to international capacity is completed in coming years, there may be opportunities to export fresh seafood, which commands significantly higher prices than dried or frozen seafood. Engagement in this sector must include serious attention to ensuring decent work and protection, especially in light of the endemic labor abuses in the seafood industry in the region.³⁷

Another idea that should be further explored for feasibility is resuscitating the government-designated shrimp production zone in the Chakaria Upazila region of Cox's Bazar.³⁸ In 1978, the government of Bangladesh allocated 1,895 hectares for scientific shrimp production, and in 1982 it expanded the area to a total of

34. Interviews with local industry, Center for Global Development research mission to Bangladesh, May 2019.

35. FAO Cox's Bazar, "FAO Fisheries Sector Support Programme," PowerPoint presentation, May 14, 2019, fcluster.org/sites/default/files/documents/lhs_wg_-_fao_dof_fish_aquaculture_outreach_may_13_2019_0.pdf.

36. "WFP Bangladesh Country Brief," World Food Programme, June 2019, reliefweb.int/sites/reliefweb.int/files/resources/Bangladesh%20Country%20Brief%20June%202019.pdf.

37. "Seafood from Slaves," Associated Press, 2016, ap.org/explore/seafood-from-slaves/; "Our Work in Seafood," Verité, verite.org/project/our-work-in-seafood/; Jessica Grant, "Slavery in the Seafood Industry," Sustainalytics, March 2019, sustainalytics.com/esg-blog/slavery-forced-labor-seafood-industry/.

38. We recognize that in other parts of Bangladesh, there is controversy over using land for farming versus shrimp production. In this case, the land has already been set aside by the government exclusively for shrimp production. In addition, the land is brackish, making it unsuitable for farming.

2,425 hectares. In 1990, the Asian Development Bank funded a project to develop the necessary infrastructure for modern shrimp production methods, but all progress was destroyed in the devastating cyclone of 1991 and never rebuilt.³⁹ As a result, the area yields only 300–400 kg per hectare a year, whereas the potential if scientific production methods are introduced is 10,000 kg per hectare. Such production would involve introducing *Vannamei* (whiteleg) shrimp, a species currently cultivated by leading shrimp-exporting countries such as China, India, Indonesia, Thailand, and Vietnam, but not yet introduced in Bangladesh.⁴⁰

The private sector in Bangladesh, especially the Bangladesh Frozen Foods Exporters Association (BFFEA), a business association of 110 seafood processors, has already expressed enthusiasm for resuscitating this shrimp production zone. The government would need to provide permission to repair the common infrastructure of embankments, canals, and sluice gates from the 1990 Asian Development Bank project that the 1991 hurricane destroyed. An initial study by the BFFEA estimates the cost to repair the common infrastructure at \$28 million, of which \$750,000 would be used for a pilot to demonstrate proof of concept on a government-owned 48-acre plot before scaling up to the full area.⁴¹ Once this common infrastructure is repaired, the private sector could provide the plot-specific investment needed for scientific growing methods, which are estimated to require approximately \$50,000 to \$100,000 in capital expenditure per plot depending on the specific production method selected. To help smaller-scale producers invest in the capital expenditures and working capital for these improvements, donors could consider developing and/or linking the improvements to existing concessional financing and working capital provision programs.

39. "History of Chakaria Shrimp Zone," unpublished document by the Bangladesh Frozen Foods Exporters Association, received May 2019.

40. Mohammad Amin Ullah, "Necessity of Scientific Shrimp Farming in the Country and the Barriers," *Shrimp & Fish News: Newsletter of Bangladesh Frozen Foods Exporters Association*, January–April 2018, pp. 9–11.

41. "Infrastructure Dev. of Shrimp Zone," privately shared Excel workbook, Bangladesh Frozen Foods Exporters Association, July 2019.

Resuscitating the shrimp zone would create an estimated 4,500 additional direct jobs, as scientific methods require around 10 employees per 10-acre plot, compared with around 2 employees in the traditional methods used today. In addition, more jobs would be created in the shrimp processing factories, logistics and transport, and other downstream businesses in the value chain. As with the investment ideas above, the jobs created could mostly be allocated to local Bangladeshis, with a small proportion going to Rohingya refugees if complementary policy changes could allow refugee employment. In fact, the BFFEA has already expressed openness to "employ Rohingya refugees in this project and promote sharing commitments to support livelihood of Bangladesh and promote inclusive growth for host and refugees."⁴²

Other seafood value chains, such as sea fishing, dried fish, and crab farming, may also be viable from the perspective of business as well as host and refugee community impact. We were not able to explore all of these specific value chains in detail for this project; we encourage further studies to explore the viability of developing these value chains.

Idea 4:

Invest in agri-processing and forestry products value chains, and link to forestry-related livelihoods programs for host community members and refugees

The Rohingya refugee situation has put an unprecedented strain on the ecology of Cox's Bazar, with deforestation and landscape degradation accelerating due to demand for habitation space, firewood, and other natural resources. While many essential initiatives such as providing fuelwood alternatives are already being undertaken, complementary efforts to boost economic activities that enhance landscape restoration will also be needed. Promising opportunities exist to start social forestry programs and boost agri-business

42. "History of Chakaria Shrimp Zone," unpublished document by the Bangladesh Frozen Foods Exporters Association, received May 2019.

value chains in Cox's Bazar, discussed further in Component 3.

Social forestry has been used successfully in Bangladesh and elsewhere to bring economic benefits to the rural poor and ensure guardianship of natural forest resources. During a five-year period in the early 2000s, social forestry programs in Bangladesh generated over \$10 million in income for rural communities and for the government.⁴³ In Cox's Bazar, there is opportunity to use these promising models to produce high-value forestry products such as honey, fruits, and other nontimber forest products. The model could become self-sustaining from a business perspective over time if short-term humanitarian and development donor financing could be used to train local producers on quality improvements and to link them to major customer demand pools such as national and international food and retail brands.

In addition, boosting agri-business, particularly processing, would be a promising way to provide rural incomes in the Cox's Bazar area. As of 2017, more than 40 percent of the residents of Cox's Bazar worked in agriculture, mainly in low-income, low-productivity production structures.⁴⁴ Creating linkages to global markets could provide the necessary demand and incentives to invest in more productive methods and hence generate higher incomes. In principle, there is a match between the crops already cultivated in Cox's Bazar and global market demand. Locally producible products such as dried mango, dried coconut, and coconut water are popular in the European and American markets. In addition, the highest-productivity agricultural product in Cox's Bazar is the Chinese date (also known as *ber* or *jujube*), and this fruit is popular in India and China in its fresh and dried forms.⁴⁵

43. Nur Muhammed, Masao Koike, Md. Sajjaduzzaman, and Kim Sophanarith, "Reckoning Social Forestry in Bangladesh: Policy and Plan versus Implementation," *Forestry: An International Journal of Forest Research*, 78, no. 4 (2005): 373–383, doi.org/10.1093/forestry/cpi045.

44. Alberto Francesco Lemma, Maria Quattri, Jessica Hagen-Zanker, Caitlin Wake, Selim Raihan, and Abu Eusuf, "Bangladesh Economic Dialogue on Inclusive Growth: Strategies for Inclusive Growth in Cox's Bazar," EDIG Research Reports #4, Overseas Development Institute, September 2018, p. 9.

45. *Ibid.*, p. 25.

There is opportunity for global food companies such as dried fruit processors to explore investment and sourcing opportunities in Cox's Bazar. Mango processing, for example, is largely unautomated and would generate local jobs. Sourcing is another avenue, but sourcing from a new and untested location involves risk for private-sector companies. Donors and the development community can help by supporting market-based approaches and pilots to help the private sector source from small-scale producers in Cox's Bazar. There may also be opportunities to link existing training and microfinancing programs to enable small-scale farmers to meet the specifications of national or local companies interested in sourcing their products. Further product-specific research should be conducted, but in a way that engages private-sector companies to understand the practical requirements of new investment in processing locations and sources of supply.

Idea 5:

Develop Cox's Bazar as a center for clean energy

The government of Bangladesh's *Delta Plan 2100* lays out an ambitious target of having 30 percent of Bangladesh's energy mix produced through renewable means by 2041.⁴⁶ Cox's Bazar could significantly contribute to this important national goal through its natural potential for solar and wind power production. A private-sector power producer we interviewed identified Cox's Bazar as one of the few sites in Bangladesh where marginal land could be converted to solar farms; land in most other sites in Bangladesh would have comparatively more lucrative uses for agriculture or urban development. In addition, the Wind Energy Study Project sponsored by the government of Bangladesh and other studies have identified the potential for wind energy production in Cox's Bazar and in Teknaf.⁴⁷

46. *Bangladesh Delta Plan 2100: Bangladesh in the 21st Century*, Government of Bangladesh Planning Commission, General Economics Division, October 2018.

47. A. Z. A. Saifullah, Md. Abdul Karim, and Md. Raisul Karim, "Wind Energy Potential in Bangladesh," *American Journal of Engineering Research* 5, no. 7 (2016): 85–94.

A recent USAID and National Renewable Energy Laboratory study confirmed that the Cox's Bazar area is "commercially relevant" for wind energy generation.⁴⁸

In addition, there are promising indications of interest from the private sector. Recently, a 28-megawatt solar farm was established in Teknaf by Joules Power Limited, an independent power producer in Bangladesh. Besides being economically viable, the site provides 80 percent of the current electricity demand of Teknaf and results in a 20,000-ton reduction in annual carbon emissions.⁴⁹ The site is already operational, and our interviews with those in the private sector found willingness to explore further investment in renewable energy in Cox's Bazar.

The government of Bangladesh is already conducting additional tenders for further renewable energy production in Cox's Bazar. The global development community can help accelerate this process by providing technical assistance, financing mechanisms, and disaster risk insurance. Global partners could also play a critical role in ensuring that renewable energy development brings maximum benefits to the local host community and to refugees. Our interviews with renewable energy companies indicate willingness in the private sector to consider hiring a mix of local and refugee workers, but private-sector players are not well positioned to liaise with camp authorities about these types of initiatives. Development partners already run skills training programs focused on solar panel installation and repair inside the refugee camps.⁵⁰ If these refugees could find job opportunities with new energy investments in the Cox's Bazar region, they would gain portable skills and work experience that would help them be successful in Myanmar once safe and dignified repatriation becomes possible. These train-

ing programs could be expanded to host community members and linked to private-sector investments so that both locals and refugees gain employment opportunities as renewable energy investments are made in the area. In addition, it may be possible to form helpful linkages to existing global climate change mitigation financing programs, including the Global Environment Facility, the Clean Technology Fund, and the UN Environment Programme Finance Initiative.

These are just five ideas generated from a preliminary study that included a literature review and two research missions. Other promising ideas that this study did not have time and resources to investigate include domestic tourism and information technology (IT)-related industries. We welcome additional research and ideas, particularly those that address livelihood opportunities for women.

In addition, we note two sectors that we de-prioritized after an initial study: ready-made garments and salt production. We found them to be unpromising for differing reasons. The ready-made garments sector faces excess production capacity nationwide and hence is not in a position to expand investments, and the salt industry has an engrained industry structure and price unpredictability. These industries may hold some opportunity for future investment, and interested private-sector and development partners should look more deeply at the project level for potential investments.

There are serious barriers to attracting and sustaining private-sector growth in Cox's Bazar, including competition with other parts of Bangladesh to attract investment dollars, infrastructural deficits, scarcity of human capital, and lack of risk mitigation mechanisms. Advancing investment and local economic development in Cox's Bazar will require unprecedented engagement by public-, private-, and social-sector actors. To meet its goals of sustainable private-sector investment efforts in Cox's Bazar and elsewhere in Bangladesh, it is critical that the government continue to simplify regulations, improve general infrastructure, and improve the ease of doing business. Line

48. Mark Jacobson et al., "Assessing the Wind Energy Potential in Bangladesh: Enabling Wind Energy Development with Data Products," USAID and National Renewable Energy Laboratory, September 2018, nrel.gov/docs/fy18osti/71077.pdf.

49. "28MW Solar Plant in Bangladesh Bags Asian Power Award 2018," ESI Africa, September 25, 2018, esi-africa.com/resources/press-releases/28mw-solar-plant-in-bangladesh-bags-asian-power-award-2018/.

50. Sarah Boisson, "Light for the Rohingya: The First Humanitarian Project to Train Electricians in Refugee Camps," Défis Humanitaires, June 2019, defishumanitaires.com/en/2019/06/03/light-for-the-rohingya-the-first-humanitarian-project-to-train-electricians-in-refugee-camps/.

ministries such as the Ministry of Fisheries and Livestock, the Ministry of Agriculture, and the Ministry of Power, Energy and Mineral Resources would need to provide the necessary permissions (e.g., for the Chakaria shrimp zone to be rehabilitated), to guide and participate in technical discussions, and to issue tenders and procurement for needed infrastructure in a timely manner.

There is also an important role for international development partners to play. Bangladesh has become a lower-middle-income developing country and is losing access to some forms of concessional financing by multilateral development banks. Humanitarian assistance has, of course, flowed into the Cox's Bazar vicinity, but most is spent on immediate and short-term needs and is not designed for sustainability of outcomes. Without disregarding the continued importance of short-term humanitarian assistance, it is time to also offer more sustainable aid and financing, for purposes including to spur private-sector growth, investment, and job creation to benefit the host community and refugees. Global partners should create an investment facilitation program to encourage investments in and around Cox's Bazar, analogous to what the World Bank has developed for Jordan with the Jordan Investment and Matchmaking Platform.⁵¹ This platform supports the creation of local economic opportunities for the benefit of the host community and refugees by matching enterprises with supply chain opportunities and investors, and providing technical and financial support to upgrade local enterprises. Other examples of similar investment facilitation platforms in developing countries include the G20's Compact with Africa and the United Kingdom's Invest Africa, which aim to attract large volumes of private-sector investment to create

51. Jim Yong Kim, "Refugee Crisis: What the Private Sector Can Do," World Bank Blogs, September 24, 2018, blogs.worldbank.org/voices/refugee-crisis-what-private-sector-can-do.

jobs and boost local economies (note that these programs are not explicitly designed for refugee inclusion, although some of the countries they target host large numbers of refugees).

A similar "Bangladesh Investment and Matchmaking Platform" could play an important role in creating economic opportunity by producing local market research and intelligence, communicating potential opportunities to suitable domestic and international investors, planning and supporting international and national private-sector delegations, and providing practical help such as liaising with relevant government ministries and potential local partners to enable investments to be realized. This platform should be coupled with financing facilities to make sure that promising projects have access to capital. International development partners should also assist the government in the important enabling work described above by providing technical assistance and concessional financing.

Finally, donors can consider creating a disaster risk insurance program for new investments in the Cox's Bazar area.⁵² Although it would need to be carefully designed to avoid perverse incentives, such a program could mitigate risks and provide predictability to private-sector actors considering investing in the area.

*For additional details, please consult our brief focused on the critical role businesses can play in improving the situation for refugees and their Bangladeshi host communities.*⁵³

52. For more on disaster risk insurance in developing-country contexts, see Lena Weingärtner, Catherine Simonet, and Alice Caravani, "Disaster Risk Insurance and the Triple Dividend of Resilience," Overseas Development Institute Working Paper 515, September 2017, odi.org/sites/odi.org.uk/files/resource-documents/11759.pdf.

53. Irene Yuan Sun, John Speakman, and Cindy Huang, "How Business Can Invest in the Future of the Rohingya and Host Community in Bangladesh," Center for Global Development and Tent Partnership for Refugees Brief, December 2019, www.cgdev.org/publication/how-businesses-can-invest-future-rohingya-and-host-community-bangladesh.

Component 2.

Employment-Oriented Skills Development

Formal employment and education have been persistent challenges for Cox’s Bazar residents since even before the 2017 Rohingya influx. An Overseas Development Institute (ODI) review of the current production structures in Cox’s Bazar found that “a majority of the workforce are in a low-value, potentially low-income, sector of the market.”⁵⁴ Overall, about 40 percent of Bangladesh’s economy is in the informal sector, which is associated with lower worker protections and lower business efficiency and productivity compared with the formal sector.⁵⁵ These findings imply a need for job creation and employment in the formal sector, where productivity improvements and more stable wages are more likely.

Cox’s Bazar is one of the lowest-performing districts for school attendance and educational outcomes. According to the Bangladesh Bureau of Statistics, as of 2011, 60.7 percent of the population of the district was illiterate. Although primary school attendance tops 90 percent, secondary school attendance drops to 57 percent.⁵⁶ And with local teachers taking jobs with humanitarian agencies in the camps, schools are facing

teacher shortages, exacerbating challenges already faced by the education system.⁵⁷

Even as the Rohingya crisis has strained the education system in Cox’s Bazar, it also presents a rationale and opportunity to accelerate investments in it. Donors should invest in expanding quality public education for host communities.⁵⁸ According to local leaders and experts, in addition to basic literacy and numeracy education efforts, there is a need for targeted job and vocational skills training for sectors that have higher potential for formal employment creation in the future.

To build on the important work already being done to improve basic education in the area, we recommend two programs that explicitly link formal employment and targeted skills development for the residents of Cox’s Bazar: a construction-sector vocational training program linked to infrastructure megaprojects in Cox’s Bazar District, and a Global Skill Partnership program to train Cox’s Bazar residents and provide some with labor mobility opportunities abroad.

54. Alberto Francesco Lemma, Maria Quattri, Jessica Hagen-Zanker, Caitlin Wake, Selim Raihan, and Abu Eusuf, “Bangladesh Economic Dialogue on Inclusive Growth: Strategies for Inclusive Growth in Cox’s Bazar” EDIG Research Reports #4, Overseas Development Institute, September 2018, p. 9.

55. Mai Hassan and Friedrich Schneider, “Size and Development of the Shadow Economies of 157 Countries Worldwide: Updated and New Measures from 1999 to 2013,” IZA Discussion Paper No. 10281, Institute for the Study of Labor, October 2016, <ftp.iza.org/dp10281.pdf>.

56. Alberto Francesco Lemma, Maria Quattri, Jessica Hagen-Zanker, Caitlin Wake, Selim Raihan, and Abu Eusuf, “Bangladesh Economic Dialogue on Inclusive Growth: Strategies for Inclusive Growth in Cox’s Bazar,” EDIG Research Reports #4, Overseas Development Institute, September 2018, p. 5.

57. UN Development Programme Bangladesh Country Office, “Impacts of the Rohingya Refugee Influx on Host Communities,” November 2018, issuu.com/bdundp/docs/impacts_of_the_rohingya_refugee_inf.

58. World Bank, “More Focus on Learning Key to Skilled Bangladesh Workforce,” February 27, 2019, <worldbank.org/en/news/press-release/2019/02/27/more-focus-on-learning-key-to-skilled-bangladesh-workforce>.

Idea 1:

Implement a construction-sector vocational training program linked to infrastructure megaprojects, including Matarbari-Moheshkhali

Japan recently agreed to commit \$4.1 billion to fund the first phase of a planned deep-sea port and energy hub at Matarbari, in the northern part of Cox's Bazar District.⁵⁹ This planned energy complex will be linked to special economic zone projects in nearby Moheshkhali and will likely be the only true deep-sea port in Bangladesh for the foreseeable future. The construction of the first phase of the project—a coal terminal and a 1,200-megawatt coal-fired power plant—is already underway.

Although we would not have encouraged the development of large-scale coal-based power because of environmental considerations, now that the project is underway it is important that it maximize benefits to locals. One important area where this could be done is in local employment. The project already employs large numbers of workers and will continue to do so until the first phase is completed in 2024.⁶⁰ Procurement processes for future phases of the energy and logistics hub are already underway, ensuring that there will be tens of thousands of construction-industry jobs in Cox's Bazar for the next 40 years.⁶¹ In addition, the government of Bangladesh's push to build airport, rail, and road infrastructure in Cox's Bazar also contributes to the demand for qualified construction workers.

Local residents of Cox's Bazar, however, are so far not sharing fully in the job opportunities on their doorstep. According to the general contractor of the project, the only locals working on the site are in unskilled trades; the contractor has been unable to find locals qualified for semi-skilled and skilled positions. This is a real business cost from the company's perspective:

59. Jessica Jaganathan and Ruma Paul, "Bangladesh's Summit, Japan's JERA to Invest \$500 Million in Cox's Bazar Energy Project," Reuters, May 29, 2019, [reuters.com/article/us-japan-bangladesh-energy/bangladeshs-summit-japans-jera-to-invest-500-million-in-coxs-bazar-energy-project-idUSKCNISZ29S](https://www.reuters.com/article/us-japan-bangladesh-energy/bangladeshs-summit-japans-jera-to-invest-500-million-in-coxs-bazar-energy-project-idUSKCNISZ29S).

60. Interviews with government and development partners, Center for Global Development research missions to Bangladesh, May and July 2019.

61. Ibid.

the subcontractors currently rely on a dozen-odd labor recruitment agencies to find workers from Chittagong, Dhaka, and beyond who are experienced in such trades as welding and heavy machinery operation.

Rapid, employment-targeted skills development training programs can help bridge this gap between the local talent pool in Cox's Bazar and the needed skills in construction. International experience shows that targeted training programs can have measurable impacts in skills and job readiness for underprivileged youth in just a few months. Generation, the largest employment-oriented youth training program in the world, trains young people in nine countries around the world in 4- to 12-week programs designed to target specific employment opportunities that exist in their local communities. The participants are 56 percent female, and 81 percent are employed after program completion, resulting in a two- to sixfold income boost compared with their preprogram wages.⁶² Another example is the Jóvenes en Acción program in Colombia, which involves three months of classroom training by private agencies followed by three months of apprenticeship at a company. Randomized evaluations show that the program resulted in significantly increased employment in the formal sector eight years after its conclusion, including sustained benefits for female participants.⁶³

Donors and construction companies building the Matarbari-Moheshkhali complex should partner to fund and operate a similar program targeted toward construction skills in Cox's Bazar.⁶⁴ Global experience shows that this is a cost-effective investment: Generation's training costs \$4.49 per employed day in India, and \$2.94 in Kenya.⁶⁵ To maximize impact, donors should advocate for a small proportion of the spots for refugees. Such

62. 2018 Annual Report, Generation, [generation.org/wp-content/uploads/2019/05/Generation_Annual-Report-2018_FINAL.pdf](https://www.generation.org/wp-content/uploads/2019/05/Generation_Annual-Report-2018_FINAL.pdf).

63. "J-PAL Skills for Youth Program Review Paper," Abdul Latif Jameel Poverty Action Lab, Cambridge, MA, 2017, p. 24.

64. Of course, implementing these ideas for providing vocational training should not come at the expense of the equally if not more important need to strengthen basic education for the refugee and host communities; both basic education and vocational training are needed to bolster refugee welfare and encourage self-reliance.

65. Ibid.

a request aligns with refugee aspirations: in a recent study by ODI, more than 30 percent of Rohingya refugees expressed interest in working in the construction sector.⁶⁶ Refugee inclusion could be initially piloted through a small-scale program to give refugees limited and temporary work permits. To support both refugees and host communities to get upskilled and hired, development partners and construction companies should also plan for and help fund the wrap-around programming, including transportation arrangements and dormitory housing, that would enable residents from Ukhia and Teknaf to participate. Of course, such arrangements would also need to be paired with robust worker protection arrangements promoting competitive wages, upgrading workplace conditions, and allowing access to redress in the case of grievances.

The construction industry is a particularly suitable target for this type of training program because there are already thousands of jobs in the sector and thousands more are expected in the next few decades in Cox's Bazar. But there may be additional opportunities in other formal sectors, such as tourism. A relevant example of a youth training project for entry-level skilled positions in hospitality is the Hospitality and Catering Training Center in Mae Sot, Thailand, an Accor Hotels-supported program that trains youth from the Karen hill tribes, a historical refugee community in that country.⁶⁷

Idea 2:

Pilot a Global Skill Partnership to train Cox's Bazar residents and provide some of them with international labor mobility opportunities

Bangladesh maintains high outflows of international labor migrants, and their remittances contribute

66. Caitlin Wake, Veronique Barbelet, and Marcus Skinner, "Rohingya Refugees' Perspectives on Their Displacement in Bangladesh: Uncertain Futures," Humanitarian Policy Group Working Paper, Overseas Development Institute, June 2019, p. 20, odi.org/sites/odi.org.uk/files/resource-documents/12719.pdf.

67. "Thailand: The Hospitality-Catering Training Centre in Mae Sot," www.iecd.org/en/projects/the-hospitality-and-catering-training-centre-in-mae-sot-in-thailand/.

significantly to the national economy. In 2018, remittances to Bangladesh were four times what the country received in FDI, and they make up the second-largest source of foreign currency into the country.⁶⁸ The scope for labor mobility opportunities in Bangladesh remains unmet due to a mismatch between demand in countries of destination and the supply of Bangladeshi migrant workers with the right competencies and experience.⁶⁹

The Global Skill Partnership⁷⁰ is one potential model for addressing this skills mismatch. The model facilitates a bilateral agreement between a country of origin and a country of destination whereby the latter invests in the training of migrants in the former before they move in targeted skills needed in both countries. Some trainees will stay and increase human capital in the country of origin—we call this the "home" track. Others—the "away" track—will move, plugging skills gaps in the destination country and increasing their own incomes. There are currently three ongoing pilots of the model, between Australia and various Pacific states,⁷¹ between Belgium and Morocco,⁷² and between Germany and Kosovo.⁷³

Countries of destination, such as Canada, Belgium, Germany, the United Kingdom, and the United States, are experiencing declines in their working-age

68. "World Investment Report 2019," UN Conference on Trade and Development, p. 44, unctad.org/en/PublicationsLibrary/wir2019_en.pdf.

69. "Skills for the International Labour Market: Bangladesh Country Report," International Labour Organization, 2015, p. xiii, [apskills.ilo.org/resources/skills-for-the-international-labour-market-bangladesh-country-report/at_download/file](https://www.ilo.org/resources/skills-for-the-international-labour-market-bangladesh-country-report/at_download/file).

70. For more information about the Global Skill Partnership model, please refer to www.cgdev.org/gsp.

71. Michael Clemens, Colum Graham, and Stephen Howes, "Skill Development and Regional Mobility: Lessons from the Australia-Pacific Technical College," CGD - Working Paper 370, Center for Global Development, June 2014, www.cgdev.org/publication/skill-development-and-regional-mobility-lessons-australia-pacific-technical-college.

72. "PALIM—European Pilot Project Linking Moroccan ICT Development and Labour Shortages in Flanders," Enabel Belgian Development Agency, March 1, 2019, www.enabel.be/content/europees-proefproject-palim-linkt-it-ontwikkeling-marokko-aan-knelpuntberoepen-vlaanderen-0.

73. Michael Clemens, Helen Dempster, and Kate Gough, "Maximizing the Shared Benefits of Legal Migration Pathways: Lessons from Germany's Skills Partnerships," CGD Policy Paper 150, Center for Global Development, 2019, www.cgdev.org/publication/maximizing-shared-benefits-legal-migration-pathways.

populations, combined with rising elderly dependency rates.⁷⁴ These long-term trends are expected to increase the demand for workers with skills in sectors such as long-term care (e.g., nursing), construction, hospitality, IT, and agriculture,⁷⁵ which locals will be unable to fill. The Global Skill Partnership model helps plug these skill gaps in countries of destination using migrants. Training programs developed under the scheme are sector specific, include both soft and hard skills training, and are held in the migrants' country of origin, where costs are generally lower. Thus, the country of destination benefits by receiving migrants with specific, needed skills who are able to integrate quickly and are unlikely to become a net drain on fiscal or human resources. In addition, the country of destination is able to have greater control over the migration process through the terms of the contract, and does not need to deal with uncertainty over skill certifications issued by migrants' countries.

Bangladesh would be a good country of origin with which to implement a pilot of the Global Skill Partnership model, with a specific focus on including residents of Cox's Bazar as participants. Those in the away track could plug skills gaps in donor countries, such as Australia, the United Kingdom, the United States, and those within the European Union, or fulfill demand in countries in the Middle East and Southeast Asia. Regardless of the country of destination, the model could build on preexisting skill development and training programs in order to ensure sustainability of the initiatives and prevent duplication of training resources. The skills training could be implemented by partnerships between such agencies as the International Labour Organization, BRAC, and the Bangladesh Bureau of Manpower, Employment and Training.

74. John Martin, "Live Longer, Work Longer: The Changing Nature of the Labour Market for Older Workers in OECD Countries," IZA Discussion Paper Series, Institute of Labor Economics, April 2018, <ftp.iza.org/dpl1510.pdf>.

75. Based on discussion with various local experts working on migration issues in Bangladesh.

Bangladesh as a whole, and the residents of Cox's Bazar in particular, would benefit from this model. Those who receive training can migrate regularly and safely, or stay and enter the local labor market with better skills and increased earning potential. In addition, as noted above, remittances form a major part of Bangladesh's economy, and this model would increase remittance flows to Cox's Bazar, a historically poor and economically underdeveloped area compared with other regions in Bangladesh. Local industries at "home," most notably construction, would benefit from greater availability of skilled workers. Other benefits for Bangladesh include new technology and training facilities, an increase in human capital from those who stay in the home track, and a reduction in pressure to absorb new labor market entrants.

Under this model, we envision that most training slots would be filled by host community members in Cox's Bazar, but destination governments could also work with the government of Bangladesh to create provisions for a small number of Rohingya to be upskilled in the home track. Allocation of some places to refugees would serve Bangladesh's interests, since global experience shows that poverty is a barrier to repatriation.⁷⁶ Upskilling some Rohingya would improve the chances of successful repatriation once conditions for safe and dignified return to Myanmar are secured. These Rohingya could also contribute meaningfully to Bangladesh's economy in the interim if temporary work permits were allowed.

For additional details, please consult the full paper on labor mobility opportunities.⁷⁷

76. Niels V. Harild, Asger Christensen, and Roger William Zetter, "Sustainable Refugee Return: Triggers, Constraints, and Lessons on Addressing the Development Challenges of Forced Displacement," World Bank Group, 2015, <documents.worldbank.org/curated/en/542611468188337350/pdf/99618-WP-PUBLIC-Box393206B-Sustainable-Refugee-Return-15Sept-WEB-PUBLIC.pdf>.

77. Mahreen Khan and Helen Dempster, "Sharing Responsibility for the Rohingya Crisis: What Role Can Labor Mobility Agreements Play?," CGD Note, December 2019, www.cgdev.org/publication/sharing-responsibility-rohingya-crisis-what-role-can-labor-mobility-agreements-play.

Component 3.

Forest Landscape Restoration

The Cox's Bazar region is home to a diverse range of plants and animals. Even before the latest refugee influx, however, the region faced substantial environmental degradation, regularly experienced harsh impacts of natural disasters, and was vulnerable to the effects of climate change. The 2017 Rohingya influx and the resulting creation of the largest refugee camp in the world exacerbated and accelerated many of these environmental problems in Cox's Bazar.⁷⁸ Today, the top environmental challenges faced by both local Bangladeshis and refugees include diminished livelihoods for local populations due to deforestation and loss of access to land; soil and slope erosion; deforestation; declining water, air, and soil quality; and climate vulnerability.

The government of Bangladesh and many donors have already begun numerous needed assessments, technical studies, and planning projects.⁷⁹ To contribute to this growing base of knowledge and expertise, we, along with BRAC and The Nature Conservancy, convened a workshop with experts and stakeholders in Cox's Bazar in September 2018 and conducted a field visit to Kutupalong-Balukhali camp to develop recommendations regarding forest landscape restoration.

We developed 10 key recommendations that can drive progress for the Rohingya and host communities, and

align environmental, humanitarian, and development objectives. The full set of recommendations can be found in the policy paper;⁸⁰ here, we highlight the recommendations most relevant to refugee livelihoods and to the ideas on private-sector investment and skills development outlined above.

An important overarching recommendation is to develop a 10-year landscape-scale plan for forest landscape restoration, and to strengthen consultation and coordination in the forestry, environment, and energy sectors. Such a plan would align efforts across sectors, including fuel and energy, nutrition, security, water management, shelter construction and maintenance, and infrastructure development. It should also include an integrated spatial plan for forest landscape restoration in and outside camps across Cox's Bazar. Restoration plans should be adapted based on the timing and scale of refugee repatriation; however, under all repatriation scenarios, forest landscape restoration planning must be longer-term to yield sustainable results. To support ongoing planning and implementation, we recommend strengthening coordination efforts across groups involved in forestry and environment through the Energy and Environment Technical Working Group, a group comprising representatives of UN agencies and NGOs. It will be important to ensure that Rohingya refugee and host communities are represented in these groups in a meaningful and gender-balanced way. These actors could also consider

78. "Report on Environmental Impact of Rohingya Influx," UN Development Programme Bangladesh and UN Women, March 2018.

79. Publicly available reports include those by UN Development Programme and UN Women, and those by the FAO and the International Organization for Migration (IOM), including "Report on Environmental Impact of Rohingya Influx" and "Assessment of Fuel Wood Supply and Demand in Displacement Settings and Surrounding Areas in Cox's Bazar [sic.] District," FAO and IOM, revised November 2017, fsccluster.org/sites/default/files/documents/iom_fao_wood_fuel_assessment_nov_2017.pdf.

80. Heather Tallis et al., "Steps toward Forest Landscape Restoration in the Context of the Rohingya Influx: Creating Opportunities to Advance Environmental, Humanitarian, and Development Progress in Bangladesh," Center for Global Development Policy Paper, July 2019, www.cgdev.org/publication/steps-toward-forest-landscape-restoration.

creating a standing alliance for forest landscape restoration as efforts scale.

The two recommendations from the paper⁸¹ central to our medium-term response are those that advance refugee livelihoods and offer clear complementarities with our private investment opportunities:

Idea 1:

Adapt and apply the social forestry model

There are opportunities to advance both environmental rehabilitation and livelihoods opportunities for refugees and the host community. One promising model that should be explored is the widely used social forestry model, a type of forest management that has been used in Bangladesh to ensure economic, ecological, and social benefits, especially to the rural poor. Valuable lessons can be learned from the various social forestry programs implemented to date in Bangladesh and elsewhere that can be applied and tailored to local conditions to provide livelihoods and incentives for sustained, improved forest landscape restoration and forest management.

Idea 2:

Develop short-term livelihoods activities that can improve environmental outcomes

The government of Bangladesh and NGOs should create a two-part program to benefit host communities (and Rohingya, if cash-for-work policies shift)

81. Ibid.

that (1) supports nursery business development and (2) provides incentives to selectively remove woody invasive species and replant native seedlings in buffer areas around the Teknaf Wildlife Sanctuary, Himchari National Park, and Inani National Park. Harvested invasive woody weeds could be used for fuelwood, and replanted native species would contribute to reforestation and possible social forestry initiatives.

Finally, to achieve meaningful impact, it will be important to substantially increase the scale of forest landscape restoration investments. This step would help realize potential benefits in carbon reduction and economic development in Cox's Bazar. It could be done by exploring payment for ecosystem services—providing livelihood opportunities for host and refugee communities by supporting them to maintain and safeguard environmental resources. Bangladesh's readiness to reduce emissions from deforestation and forest degradation (REDD+) and the current plans for forest landscape restoration, need to be improved and expanded to realize potential carbon benefits and livelihood contributions for Cox's Bazar. Multiple financing mechanisms beyond humanitarian aid could catalyze the necessary scale of effort.

*For additional details, please consult the full paper on forest landscape restoration.*⁸²

82. Ibid.

Complementary Policy Changes and Funding

The ideas outlined above detail a way for the government of Bangladesh and its humanitarian and development partners to move beyond a short-term humanitarian response to a medium-term development approach to sustainably address the impacts of the Rohingya crisis. To execute these ideas, a host of complementary policy changes are required, both in Bangladesh and among international humanitarian and development actors. These changes can be loosely grouped into two types: those that **improve the economic and environmental welfare in Cox's Bazar and Bangladesh, and those that facilitate greater refugee self-reliance**, including enabling refugees to help drive and benefit from these growth opportunities.

To promote broader economic and environmental welfare consistent with its stated development and growth objectives, the government of Bangladesh could make several important policy changes in the following areas:

1. **Private-sector investment.** Deeply understand the binding constraints to private-sector growth for each value chain and create targeted plans to remove barriers and incentivize growth. At the same time, continue broader national efforts to simplify regulations, improve general infrastructure and power provision, and increase the ease of doing business.

2. **Employment-oriented skills development.** Increase focus, especially within Cox's Bazar, on targeted job and vocational skills training within sectors that have higher potential for formal employment creation in the future, whether in Bangladesh or abroad.

3. **Forest landscape restoration.** Move beyond immediate needs to formulate a landscape-scale, long-term policy. Create a 10-year plan and ensure ongoing coordination and joint planning with adjacent sectors such as infrastructure, security, and energy.

We recognize that there are already important ongoing efforts on most of these dimensions at the national, and in some cases local, levels. These efforts deserve continued support and, if possible, should be accelerated. Explicit coordination and linkages to refugee and humanitarian issues should be made where possible.

In addition to the policy changes needed to promote broad economic and environmental welfare, policy changes are needed, particularly by the government of Bangladesh, to facilitate greater refugee self-reliance and to ensure that economic and educational opportunities created in Cox's Bazar benefit both host communities and refugees.

We recognize the major global public good being provided by Bangladesh and host communities in Cox's Bazar. Realizing the ideas discussed above will require significant investment and energy on the part of the international community, including donor governments, foundations, and the private sector. While humanitarian aid focuses largely on refugees,⁸³ the medium-term approach we describe here focuses on inclusive growth and development for Cox's Bazar as a geographic area. Therefore, many of our ideas would largely benefit Bangladeshis, with a smaller proportion of benefits to refugees. This is consistent with responsibility-sharing commitments intended to recognize the global public good being provided by Bangladesh and the principle highlighted in the Global Compact on Refugees to better support nations hosting large refugee populations. At the same time, it is critical for Rohingya refugees to benefit from these commitments because they are being made with the intention of lifting all populations, including Rohingya refugees, who have distinct vulnerabilities based on their persecution and displacement.

Currently, Rohingya refugees are unable to participate in the formal labor market or to access adequate nutrition, education, and health services. These constraints result in negative coping strategies, such as child labor, early marriage, and drug trafficking, that also affect host communities, as well as an increase in tensions and security concerns between the host and refugee communities. Not allowing refugees to work is also a missed opportunity: studies show that when allowed the formal right to work, refugees are net positive economic contributors to both developed- and developing-country economies.⁸⁴ Some progress has been made, including allowing refugees to partake in cash-for-work and paid volunteer opportunities, and approving an informal curriculum for Rohingya

children to learn at some grade levels. However, this progress is just a first step toward meeting needs and enabling self-reliance.

Inadequate financing to support the government of Bangladesh and implementing agencies is exacerbating these challenges. The 2018 Joint Response Plan was only 69 percent funded, leaving a shortfall of nearly \$300 million, and as of October 2019, the 2019 Joint Response Plan was only 55 percent funded.⁸⁵ While multiyear development financing committed by the World Bank and the Asian Development Bank has promised to help meet the needs of refugees and host communities, the planning process remains largely single-year in cadence. This timing misses opportunities to maximize the potential of these multiyear financing sources. In addition, these multilateral development banks have so far not been able to leverage their financing to encourage the government of Bangladesh to advance significant reforms toward self-reliance, as the World Bank has done in other contexts, such as Jordan and Ethiopia.⁸⁶

We propose the creation of a “whole-of-society” strategy: a process of explicit policy formation for sustainable increases in refugee self-reliance in a way that recognizes and aligns with equally important efforts to promote host community welfare and social cohesion between refugees and hosts. This strategy would bring together efforts to support economic and environmental development in Cox's Bazar and throughout Bangladesh, policy changes to support inclusive growth, and adequate financing and support from the international community, including robust coordination between humanitarian and development actors, and multiyear financing aligned with the medium-term strategy.

83. The 2019 Joint Response Plan's affected-population needs and funding requirements target 73 percent refugees and 27 percent Bangladeshi host communities.

84. Michael Clemens, Cindy Huang, and Jimmy Graham, “The Economic and Fiscal Effects of Granting Refugees Formal Labor Market Access,” CGD-Tent Policy Brief, October 2018, www.cgdev.org/publication/economic-and-fiscal-effects-granting-refugees-formal-labor-market-access-brief.

85. “Rohingya Humanitarian Crisis Joint Response Plan 2019 Funding Update as of 2019.10.22,” Inter Sector Coordination Group, October 2019, reliefweb.int/report/bangladesh/rohingya-humanitarian-crisis-joint-response-plan-2019-funding-update-20191022.

86. Lauren Post, Cindy Huang, and Sarah Charles, “World Bank Financing to Support Refugees and Their Hosts: Recommendations for IDA19,” CGD Note, June 2019, www.cgdev.org/publication/world-bank-financing-support-refugees-and-their-hosts-recommendations-ida19.

This whole-of-society strategy should be led by the government of Bangladesh, with strong support from international and national crisis responders, over two to five years, targeting clear outcomes for improving the well-being of hosts and refugees. These outcomes should align with the SDGs and their targets, with the Global Compact on Refugees, and with Bangladesh's national economic development plans, such as *Vision 2021*, *Vision 2041*, and *Bangladesh Delta Plan 2100*. Such a strategy would operationalize the recognition that both the government of Bangladesh and the global community share responsibility for the welfare of Rohingya refugees and host communities. As progress is made on initial goals and initiatives, additional avenues of Bangladeshi and global community support could be opened. One example could be extended trade concessions after Bangladesh graduates from LDC status.

This whole-of-society strategy should include a road map for lifting the policy barriers that are preventing Rohingya refugees from becoming self-reliant and from making a positive contribution to the local host community. We have already highlighted a number of ideas for incremental increases in refugee self-reliance, including

- supporting handicrafts production within the camps and connecting refugee production to international value chains;
- allocating a share of jobs created in Cox's Bazar through any donor-supported value chain investment efforts to refugees, such as the shrimp production zone in Chakaria and clean energy projects;
- allowing refugees to participate in vocational training programs and issuing work permits to graduates of such programs to work in local industries with labor shortages, such as construction; and
- encouraging and supporting refugees to plant and cultivate native species, contributing to improved nutrition and environmental development.

In addition, the whole-of-society strategy should identify other steps to help refugees gain more general access to the labor market, freedom of movement, and access to quality education that can be accredited. Such measures could include offering work permits to some refugees to work in selected sectors inside and outside of the camps, and aligning the learning program for Rohingya refugees with an accredited curriculum. Without quality, accredited education, Rohingya children are at risk of becoming a lost generation. As of July 2019, more than 97,000 Rohingya children—including about 55,000 between the ages of 3 and 14 and another 42,000 between the ages of 15 and 24—were not enrolled in any learning opportunities, whether at learning centers or in home-based programs.⁸⁷

The government of Bangladesh, donors, UN agencies, and NGOs should set up a coordination platform that designs, coordinates the implementation of, and monitors the progress of this whole-of-society strategy. Importantly, this platform must enable greater participation by affected populations in the decision-making process around the policies and programs that will affect them. Finally, international governments, donors, and the private sector must back the plan with sufficient support, including multiyear financing arrangements and investment in job-creating private-sector growth.

This medium-term, whole-of-society strategy and the eventual safe, voluntary, and sustainable return of Rohingya to Myanmar should be understood as complementary, not mutually exclusive. It is important to note that these efforts are not a plan or push for local integration of Rohingya, but rather a temporary strategy that reflects the likely time frame of return of refugees to Myanmar. While embarking on this whole-of-society strategy, stakeholders need to simultaneously continue and even ramp up pressure on Myanmar to create the conditions for safe and dignified return. But in the meantime, the current response

87. UN Office for the Coordination of Humanitarian Affairs, "Education Sector Dashboard and 5W Analysis on 28 July 2019," 2019, accessed November 8, 2019, humanitarianresponse.info/en/operations/bangladesh/document/education-sector-dashboard-and-5w-analysis-on-28-july-2019.

is untenable, driving increased risks for both Bangladeshi hosts and Rohingya refugees. Relying on short-term humanitarian aid is unsustainable, especially as donor fatigue sets in more acutely. Now is the time to transition from an emergency response to a comprehensive, whole-of-society approach over the medium term that deliberately and strategically benefits the local population and Rohingya refugees.

*For additional details, please consult the full paper on the whole-of-society approach.*⁸⁸

88. Lauren Post, Rachel Landry, and Cindy Huang, "Moving beyond Emergency: A Whole of Society Approach to the Refugee Response in Bangladesh," CGD-IRC Note, October 2019, www.cgdev.org/sites/default/files/moving-beyond-emergency-whole-society-approach-refugee-response-bangladesh.pdf.

Conclusion

Cox's Bazar is a community with enormous human, economic, and ecological potential that has yet to be fully unleashed. The Rohingya refugee crisis has brought unprecedented attention to this area that was previously little known outside of Bangladesh. There is a limited window of opportunity to create responsibility-sharing arrangements before donor fatigue sets in further. And given the multiyear time scale needed to develop refugee-host master plans in other refugee situations, it is critically important to begin the process now in Cox's Bazar. Doing so can help sustainably "reset" the local economy to a new, better state for the benefit of all those who live there.

As described in this report, one imperative that has received relatively little effort to date in Cox's Bazar is private-sector investment and growth, including the public investments and mechanisms needed to facilitate and encourage it. This is what will create jobs, bring investment into the local economy, and raise productivity levels and living standards in the long run. We have identified five ideas for private-sector investment opportunities, and we encourage private-sector actors to visit Cox's Bazar, explore business ideas, and develop investment and operational plans for these and other ideas. In this report, we spent outsized effort outlining this pillar, as no amount of well-intentioned aid can propel a population toward lasting levels of well-being in the way that sustained economic growth can.

That said, no private-sector activity can operate in a vacuum, and it is imperative in a low-skilled and ecologically fragile area like Cox's Bazar that economic, social, and ecological development proceed in tandem. Hence, we have also proposed skills development and forest landscape restoration efforts that are both important in their own rights and also critical to

sustaining future job creation and economic growth in Cox's Bazar.

Finally, no development can proceed sustainably without being aligned with policy. There is much work to be done by the government of Bangladesh with support from development partners to develop a strong Cox's Bazar master plan, as well as associated policies, programming, and funding.

We hope that this medium-term approach can become part of a shift to turn the discussion about refugees in Bangladesh from zero-sum to win-win. Importantly, economic, social, and ecological development of the Cox's Bazar area does not contradict but rather can align with Bangladesh's own national goals of job creation, poverty alleviation, and ecological sustainability. Helping Bangladesh to boost private-sector investment, develop the skills base of Cox's Bazar residents, and restore the ecosystem would be a smarter, more sustainable way than short-term aid for the global community to provide responsibility-sharing commitments in recognition of Bangladesh's provision of the enormous global public good of hosting Rohingya refugees.

This medium-term approach does not presume that refugees will stay in Bangladesh, but rather brings sustainable benefits to Bangladesh and mitigates the risks of providing only short-term assistance, which include deteriorating social cohesion, negative coping mechanisms, and low value-for-money programming. Most important, a shift to medium-term approaches such as the ones laid out here can be a triple multiplier: an advancement for Bangladesh's national development goals, an advancement for the citizens of Cox's Bazar, and an advancement for the Rohingya refugees' well-being.



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