Draft National Policy on Tourism for Sri Lanka

1. Policy Name

National Policy on Tourism for Sri Lanka

2. Effective Date / Target Effective Date

Subject to Cabinet Approval

3. Introduction

The National Policy Framework *Vistas of Prosperity and Splendour (2020-2025)* recognizes tourism as an important sector to the country's economic growth and sustainable development. Among the objectives of the National Policy Framework are the need for a) people-centric economic development, b) development of physical resources, c) sustainable environmental management, and d) productive citizenry and vibrant human resources. These policy objectives strongly resonate with the tourism industry. The sector is expected to generate employment to over 1 million people and revenue of over USD 10 billion by 2025.

Tourism development is currently governed by guidelines, frameworks, and codes of the Tourism Act No 38 of 2005 which came into effect in October 2007, replacing the Sri Lanka Tourist Board Act No. 10 of 1966. This new act introduced the Tourism Development Levy and established the Sri Lanka Tourism Development Authority (SLTDA), replacing the previously existing Sri Lanka Tourist Board. Subsequently, the Third Tourism Master Plan was introduced. Under the guidance of the Ministry of Economic Development, a Tourism Development Strategy 2011-2016 was launched and included environmental, social, cultural, economic, institutional, and promotional components that aligned with the National Development Agenda. A Tourism Strategic Plan 2017-2020 was developed as a framework to help move the destination towards Sri Lanka's Tourism Vision 2025, but ultimately this was not fully implemented. The 2005 Tourism Act remains to this day as the only legal reference for a sector that has profoundly transformed on both demand and supply sides.

Other policies and legislation relevant to the tourism sector include the Finance Act, No 25 (2003), the National Environment Act, No 47 (1980), the National Heritage Wilderness Area Act (1988), the Civil Aviation Act, No 14 (2010), the Greater Colombo Commission Law, No 4 (1978, and amendments in 1980, 1983, 1992), a National Cultural Policy (proposed in 2007, but not implemented), the Foreign Exchange Act (2017), the Labour Code of Sri Lanka (including National Minimum Wage of Workers Act, No. 3 OF 2016), the Land Development Ordinance 1935 (No. 19 of 1935, amended regularly, including 2010 and 2012), the National Civil Aviation Policy for Sri Lanka (2016).

Rationale

Tourism is a product that requires an integrated effort. Delivering tourism services rely on several ministries, which are not guided by the Tourism Act, and have no responsibility to implement tourism strategic action plans, explaining some of the difficulties encountered in the governance and planning of the sector. As such, the last Tourism Strategic Plan (2017-2020) was only partially implemented. The COVID-19 pandemic has highlighted the need for an updated institutional, legal and regulatory framework to govern the sector and rapidly overcome stunted growth caused by border closures and lockdowns. Indeed, even before the COVID-19 pandemic, international tourism was undergoing major economic, societal and technological transformations, and tourism was also being led into a new environmental paradigm as a consequence of climate change and the sustainable development discourse:

- Mutations induced by the new social and environmental paradigm of tourism (including growing attention to sustainability and well-being; the search for authenticity; culinary tourism; staycations in local areas; and attention to the circular economy)
- Mutations induced by technological transformations (the paradigm shift in the global tourism value chain, the increasing presence of non-tourism operators including those in the platform economy, digital nomads working remotely in new locations, user-generated content changing how demand is driven) and
- Negative externalities caused by the continued development of both international and domestic tourism (issues mixing domestic and international tourists in one site; less environmental sensibilities in emerging economies; tourismophobia; and last chance tourism)

These growing trends are generally favorable to the development of international tourism in Sri Lanka, a destination with many natural attractions whose potential has not been fully realized. However, the strong dependence on air travel (and the corresponding underdevelopment of sea-based options) could affect the country's perception as a green destination. Likewise, an unregulated influx of new categories of international visitors could further accelerate ecosystem degradation and create negative cultural implications.

Short term COVID-19-related trends will include the proliferation of vaccine passports, admission based on the type of vaccine obtained (and exclusion based on others), along with the risk of future outbreaks. Longer-term trends could include year-long visas for remote workers, a focus on domestic and regional travel, and embracing non-mass tourism forms of travel. Finally, in the face of technological changes that the health crisis could bring about, Sri Lanka must seriously establish a legal framework that protects the formal actors of the tourism economy, promotes the inclusion of local informal actors while necessitating the cooperation of foreign informal actors.

Need

An overarching national policy in Sri Lanka on Tourism, which is coherent, integrated and aligned with the relevant sectoral policies while also recognizing tourism's trans-sectoral nature, is needed to achieve sustainable growth and a more inclusive sector for all stakeholders.

Purpose & Context

While tourism has been included as one of the means of implementing the country's accelerated and sustainable development plan, including many references to tourism in the National Policy Framework, there is room for significant improvement in the development and management of this sector. In this regard, an assessment of the sector's opportunities and limitations at the national level, on the one hand, and international opportunities and challenges, on the other, would provide a clearer understanding of the prevailing conditions in the sector.

Among the challenges that Sri Lanka must face and adapt to, are some that are unique to its situation, like the Easter Sunday tourist attacks (2019), and those shared by the international tourism sector, including recovering from COVID-19 and facing future climate change. The latter will have both economic and environmental impacts, particularly for island destinations. In addition, many challenges have also been identified within the destination itself by public and private actors. The objective of this public tourism policy is to remedy this while taking into account the opportunities arising from the general political will to make Sri Lanka *"the world's finest island for memorable, authentic, and diverse experiences."*

An examination of the sector's current situation reveals a number of challenges. The industry's fundamental limitations or weaknesses are presented below, grouped under six main headings:

1. Weak governance (fragmentation of planning, management, and policy-making related to tourism)
2. Endangered tourism assets (reduced in Travel and Tourism Competitiveness Index rankings of natural resources – produced by the World Economic Forum)
3. Limited access to markets (lack of specific market information, limited access to high-yield markets)
4. Limited investments (lack of clarity on Tourism Zones, small investment incentives connected with tourism, access to land rights complicated)
5. Unavailable and limited skills (overly centralized tourism education and disparities in curriculum)
6. Insufficient connectivity (lack of direct international flights to most responsible markets, poor road network and internal connectivity, issues of online access to train tickets)

The paths toward addressing these weaknesses can coincide with opportunities that are present to Sri Lanka due to its unique location (between Europe, Asia and the Middle East) and past product development (wellness tourism as a post-pandemic opportunity), but also due to international trends (inclusive tourism, access to knowledge, power of user-generated content) that can be incorporated into the destination planning and marketing.

Assessing which policies to encourage should take into account, the assets (strengths) of the destination and the international aspects specific to the tourism sector and those, more generally, over which Sri Lanka cannot have any influence and some of which constitute threats to the sustainability of the industry's development.

Today, the development of tourism in Sri Lanka can rely on the richness and diversity of cultural and natural heritage (eight UNESCO World Heritage Sites), enviable biodiversity and 1,585 km of coastline. The attractiveness of Sri Lanka as a destination comes not only from this unique heritage but also from its strategic location in the Indian Ocean in the center of major air and sea routes is an advantage to the country's positioning as a global logistics hub and at the doorstep of over 3 billion people in the Indian subcontinent, which is both advantageous and challenging as Asia's travel growth continues.

Recognizing the threats which can be restraining tourism from reaching its potential can also inform next steps. Though the natural environment and resources are one of Sri Lanka's main draws, they are not immune to threats, both internal (illegal logging, poor planning leading to loss of biodiversity) and external (climate change). Realizing tourism's potential also requires a qualified workforce, yet Sri Lanka currently deals with low interest from stakeholders, especially women, in tourism as a career, coupled with highly constraining labour laws for a difficult professional environment. Governance, which can provide a political and economic environment for tourism to foster, has been beset by political instability, low safety and security scores.

This Policy was developed through a participative process involving all of the key ministries, organizations, and relevant stakeholders. Its mission focus is on addressing critical issues that, if left unattended, will not only keep Sri Lanka from achieving its economic goals but could also have lasting impacts on the cultural and natural health of the island.

4. Policy Principles

While the development of the tourism sector is clearly an important economic strategy, responsible use of natural resources and the fair involvement of local communities are essential to ensure Sri Lanka is a competitive destination that continues to attract quality tourism. This requires trans-sectoral collaboration on tourism development ensuring that all stakeholders can receive benefits. The tourism policy aims to be coherent with existing policies, while demonstrating the need for the many ministries, associations and stakeholders involved to consider the necessary efforts of each to enable sustainable development of the sector. This policy is complementary to national policies, development plans and international agreements.

5. Policy Statements

The National Tourism Policy aims to provide an effective framework and the necessary impetus to enhance the structure of tourism's institutional frameworks, reform its regulatory frameworks, upgrade the information management process, and improve the market environment to drive a more sustainability-oriented (responsible, inclusive, fair), efficient and effective tourism development in the future.

To achieve this, several conditions should be met through integrated strategies that encourage:

Participation in Governance

- All stakeholders - public and private - must be able to have a voice in tourism development. The public sector must be able to attract top talent.
- Data should be collected and utilized for the sector's development and regulation, including managing the informal sector.

Responsibility towards cultural and natural assets

- New tourism products should be designed and developed in a climate-and nature-conscious manner that benefits local communities.
- Natural resources should be protected from over exploitation for tourism and from over-visitation

A resurgent, skilled and resilient private sector

- The industry must be better prepared for future crises, including anticipated and unforeseen events.
- Marketing efforts should adopt new tools and adapt to new trends.
- Training must be made more relevant to the transformed global context and more accessible.

- ***World class destination and product development*** The island's connectivity to key tourism markets and internally, to the important sites, products and services, needs to be enhanced.
- Provide improved and enhanced digitalized services through public-private collaboration
- Building on partnerships with global institutes and as a crosscutting theme

Actions to fulfill these conditions are embodied in policy statements and goals set out under the four thrust themes of the Policy.

Table 1 – Synthesis of thrust themes and associated strategies

Integrated Governance	Inclusive and Sustainable Tourism	Informed Stakeholders	Incentive Strategies
Reform of the macro governance of the sector Restructure the sub national governance of the sector Restructuring of para public institutions to be effective and relevant Reform of the crisis management system Re-alignment of the private sector representation and role in the sector	Harmonizing the regulatory frameworks for tourism to achieve SDGs Sustainable use and conservation of natural, cultural and other tourism assets Standards and ethics that guide product and services development A regulatory framework and globally accepted standards for sustainability certification	Improved data collection, analysis and access Review of National HRD Strategy for tourism Re-strategize the Marketing Philosophy	Improve competitive positioning of the business environment Incentives for sustainable and responsible tourism Transforming the visitor experience including measures for safety and security of visitors

The policy aims to offer numerous opportunities for strategic change in the tourism sector- such as increased efficiency in governance, competitive wages, new promotion strategies, new tourism products and markets, climate and nature-conscious development, increased connectivity, and a more effective organization and transparent participation of the private sector. This will enhance the competitiveness of Sri Lanka as a tourism destination, while also preserving its cultural and natural values.

This policy also provides the necessary direction and guidance for aligning with other related national sectoral policies in Sri Lanka, with recommendations on the policies with which tourism should be aligned.

6. Policy Goals

With the vision of making Sri Lanka “the world’s finest island for memorable, authentic, and diverse experiences” the different policy goals are as follows;

- A Sustainable, climate resilient and inclusive tourism product to achieve SDGs and economic growth and to attract responsible international visitors and investors;
- Effective governance of the sector by improved coordination, collaboration and/ or cooperation between the central and sub –national levels, and between public and private stakeholders;

- A people – centric industry that provides safeguards against exploitation, provides protection to informal workers who are vulnerable, and ensures that tourism benefits reach all workers in the industry and in turn, all citizens of the country ;
- Improved accountability by ensuring all local and foreign operators are registered and accountable and transparent on operational aspects and tourism incomes in accordance with the law;
- An industry that fosters tourism entrepreneurship and innovation with associated incentives/ opportunities for micro -, small -, medium and large business, and new tourism niches, products and services;
- Develop new domestic markets/ products and strategically promote responsible local tourism.

7. Applicability & Scope

Tourism is a system, a sector that involves multiple inter-dependent collaboration among actors and agents intervening in the production of goods and services consumed by domestic and international visitors. Therefore, The National Tourism Policy applies to the entire tourism value chain and all tourism-related sectors which is engaged in either consumption or production of a tourism good or a service.

The scope of the policy is convers the management of tourism assets and sustainable use of these assets by tourism stakeholders including domestic and international tourists. This implies co-ordination across various levels and departments of government. The NTP recognises the importance of skills and resources (e.g. financial, material, human, knowledge, and even time) within the government, private sector and individuals that contribute to tourism product and service development.

8. Policy Implementation

Successful implementation of the NTP will require the contribution and collaboration of various state and non-state actors. It comprises a series of activities aimed at achieving the goals and objectives of the four policy themes set out above. However, the capacity of existing system actors (especially with regards to the sustainability objectives of the policy) require additional expertise and implementation support, especially those that are large-scale or complex in nature. Thus, the national authorities should turn to individuals or organisations with expertise in implementation and sustainable tourism development to support such efforts.

8.1. Strategies

The National Tourism Policy aims to transform the tourism industry into a more sustainable industry attracting high-yield markets. To propel and position the industry for this transformation, several strategies have been devised under the four thrust themes. Each of these strategies is made up of different lines of action (strategic activities and recommended actions) that complement each other but have different levels of priority. A detailed action plan is included as an annex to this document to facilitate the implementation of the policy themes and strategies describing the required actions under each strategy. It also includes monitoring and evaluation (SMART) indicators and leading and supporting implementing partners for each strategy.

Thrust Theme 1 – Integrated Governance

(Reform of the tourism governance frameworks)

To be sustainable, Sri Lanka's national tourism policy must be integrated. Policy integration is a horizontal integration of national policies, a bottom-up integration prepared by institutional reforms, private sector and civil society participation and the use of local planning systems taking into account the notions of carrying capacity and inclusiveness. In that perspective, five strategies are outlined to achieve these objectives.

Strategy 1.1 - **Reform of the macro-governance of the sector** for an effective prioritisation of tourism by the government

The newly established Inter-Ministerial Tourism Committee helps to strengthen the linkages at the ministerial level and should therefore facilitate the alignment of this policy to those connected to the tourism sector (e.g.: wildlife, archeological, cultural, SCP, etc). The creation of thematic task forces containing representatives of ITMC (including one on effectiveness and efficiency of funds utilisation) and the appointment of one representative for tourism within each involved ministry as more structured collaborations around tourism will create more responsiveness and better coordination for the development of a national plan including a framework that guides tourism sites development with respect to existing policies/acts (wildlife, cultural, archaeology, etc.) and commonly agreed definitions of quality tourist/over-tourism for Sri Lanka.

Strategy 1.2 - **Restructure the sub national governance of the sector** to strengthen the role of Provincial Councils as part of tourism planning, development and monitoring

In addition to strengthening linkages at the ministerial level, the policy recommends strengthening linkages between the central government and provincial councils, and better delineating roles at each level of governance to reduce duplication and encourage tourism development. This should go through the standardisation of the institutional framework at provincial level applying a common model to all provinces and clearly defining province-centre relations as well as delineating roles and functions to avoid duplication, better position tourism in regional development agendas, and ensure the involvement of local actors. This will facilitate the development of a proper resource sharing mechanism to support the enforced role given to provincial councils through the acceleration of the decentralisation process.

Strategy 1.3 - **Restructuring of para public institutions to be effective and relevant**

The National Tourism Policy is a call to action for the whole government and all stakeholders to materialize the centrality of tourism as a factor of development and diversification of the national economy in the coming decade. Central to tourism's management in Sri Lanka are its 4 public institutions (SLTDA, SLPB, SLCB, SLITHM), and a change in their legal status would ensure their competitiveness. The Policy suggests to issue a cabinet directive encouraging SLTDA, SLPB, and SLCB to be merged as a single entity with their analogous departments grouped and its legal status changed from a statutory body to a State-Owned Corporation (similar to the Export Development Authority). SLITHM would become a degree-awarding institution. However, each entity would report to the same Chief Executive Officer (CEO). Finally, each major industry association should have a guaranteed Board Seat on the appropriate entity (ex: SLAPCEO in SLCB).

Strategy 1.4 - **Reform of the crisis management system**

The National Tourism Policy recommends a reform of the crisis management system to mitigate the pressures on the central government in managing unexpected shocks. As Sri Lanka moves to formalise its informal sector, planning a framework and developing resilience tools will be more and more relevant. Possible financial tools include trust funds, impact funds, green financing, green and blue bonds etc. With this in mind, the policy recommends that a PPP task force undertakes a feasibility study to assess and discuss options for the Sri Lankan tourism sector to be better equipped to deal with any crisis.

Strategy 1.5 – **Re alignment of the private sector representation and role in the sector**

As the driving force of the tourism sector, the private sector can also have a significant impact on Sri Lanka's move towards inclusive sustainability. The National Tourism Policy therefore recommends that all private stakeholders be organised in a Tourism Federation to ensure that voices of each sector and stakeholder is represented in public bodies. However, only duly regulated/registered industry associations can be a part of the new Tourism Federation.

Thrust Theme 2 - Inclusive and Sustainable Tourism

(Reform of the regulatory framework/transition to inclusive sustainability of tourism)

The National Tourism Policy strongly promotes the need to mobilize tourism stakeholders towards sustainable management of the destination. The public sector regulates the tourism assets (environmental, natural, cultural) and ensures compliance with regulations, the private sector is the engine of growth, and local communities are the custodians of tourism capital management. By prioritising the inclusive sustainability of tourism, the sector better positions itself for stability and longevity.

Strategy 2.1 - **Harmonizing the regulatory frameworks for tourism to achieve SDGs and NDCs**

Handling growth is fundamental to encouraging inclusive and sustainable tourism growth. In order to promote sustainable development, the National Tourism Policy recommends strengthening collaboration between UDA/SLTDA/LAs (including the civil society for a people-centric economic development) at local/site level to agree on minimum requirements for building tourism infrastructure, businesses, and facilities including those related to accessibility of tourism sites, products and services to all people. This includes to assess if the tourism zones perform to the potential it is expected to (e.g.: inclusive growth*) and encourage the development of HEQ plans at provincial level with the objective to restructure tourism zones for which capacity assessment reveals strong environmental and social disruption (incl. Policies for waste management, sewage management, community involvement, etc.). In addition, the National Tourism Policy recommends to enable frameworks and economic incentives for responsible tourism investment in restructured tourism zones (e.g.: website with access to investment opportunities on GIS). The tourism sector can also make profit from existing guidelines and recommendations such as the NDC recommendations for greater climate change integration in tourism or to establish regulations/guidelines/incentives, including a certification scheme, to make the sector more sustainable and to incentivize public and private stakeholders in being more responsible. Sri Lanka's Nationally Determined Contributions to the Paris Agreement on Climate Change (revised 2021) explicitly outlines mitigation and adaptation measures for the tourism sector. These include increased absorption of renewable energy, smarter buildings, accurate seasonal forecasts for better itinerary planning, safeguards against sea level rise and high temperatures. These should be integrated in to national and provincial tourism strategies and plans in the future.

Strategy 2.2 – **Sustainable use and conservation of natural, cultural and other tourism assets**

To ensure a long-term preservation of our cultural and natural heritage, the national tourism policy recommends to upgrade rules & regulations for cultural sites and National Parks (marine and terrestrial). Particularly for the most fragile areas, it is important to undertake a capacity assessment and set a threshold in terms of carrying capacity and minimum standards for vehicles (boats, cars, etc.) such as noise and carbon emission levels.

Strategy 2.3 – **Standards and ethics that guide product and services development**

The National Tourism Policy recommends therefore legal recognition of sub-sectors and more comprehensive organisation in order to ensure proper representation and effective regulation, including the legal acknowledgement of both sub-segments of tourism that can benefit local populations (CBT, wellness, MICE, ecotourism and adventure tourism, and cruise tourism) and sub-sectors (artisan, traditional dancers, car rental, etc.), including a tourism pension scheme and duty waiver scheme as tools to encourage registration. However, guidelines (standards and ethics) must be developed for each of these sectors including codes of conducts and priority investments (infrastructure, training, etc.) must be considered to boost their attractiveness.

Strategy 2.4 - **A regulatory framework and globally accepted standards for sustainability certification**

To ensure that certification for sustainability is more widely practiced and accessible to the sector, it is recommended that an independent and accreditation body be set up in line with the regulatory framework required. This certification should be aligned to recognized global standards or accreditation system but should be locally relevant and cost-effective for the large informal sector to participate.

Thrust Theme 3 - Informed Stakeholders

(Reform of information management process)

The improved management of tourism requires a better system for measurement of tourism-related sectors. The reform, review, and upgrading of current practices will facilitate enhanced competitiveness of the destination.

Strategy 3.1 – **Improved data collection, analysis and access** for a comprehensive information management process

In order to increase Sri Lanka's competitiveness in the global tourism market, product development must keep pace. To that end, the National Tourism Policy recommends reforms and frameworks to better understand tourism's impacts, including the improvement of the data collection and production process on market segments and product development by reforming the functioning of SLTDA Research and International Relations Divisions. Access to and production of information cannot be improved without a data sharing protocol between SLTDA and the private sector. Such protocols can be recommended by the Tourism Federation but also between universities and provincial councils. In addition, visa prices are encouraged to be aligned with all categories (tourist, business, etc.) to ensure that visitors apply for the appropriate visa, thus allowing for a better understanding of the different market segments.

The Tourism Policy also encourages the establishment of an M&E framework for tourism including KPIs and a sub-committee including members of the private sector for the implementation of the Policy and strategies and CSR KPIs for tourism sites.

Strategy 3.2 - **Review of National HRD Strategy for tourism** to reform the organisational structure, quality, relevance and timeliness of human resources development

For the quality of tourism offered to change and for Sri Lanka to move towards a more sustainable development, a reform of the human resource strategy is needed. Improving accessibility and standardisation of training is key to a more competitive tourism sector across Sri Lanka. To that end, the National Tourism Policy recommends a series of upgrades and standardisation of licenses, curriculums, trainings, etc. and to facilitate the decentralisation of training programs and the development of bridges between the world of work in the tourism sector and schools.

In addition, institutional capacity building to meet new challenges and deliver on tourism Policy recommendations and strategies that would follow is urgent. This highlights the need for a robust structure (through para public restructuring and human resource development) to deliver on key themes and strategies identified in the Policy.

Strategy 3.3 – **Re-strategize the Marketing Philosophy**

The progression of marketing from traditional advertising to user-generated content requires rethinking Sri Lanka's approach for the future. It is no longer the destination that highlights itself, but the visitor who highlights his or her satisfaction and displeasure. As a result, the National Tourism Policy encourages a better structuring of the tourism supply facilitated by increased monitoring of visitor-generated social media content (e.g.: Establishing a MICE task force to ensure: MICE destination marketing | Infrastructure development | HR T&D | Research & Data Collection), with the consideration that the tourism experience is continuous (inter-provincial collaboration) and a stronger focus on domestic markets (development of a national strategy for domestic tourism). With regards to the differentiation and promotion of Sri Lanka, it is encouraged to standardise branding between SLTDA and PCs to maintain consistency in access to and sharing of information and to increase private sector participation in promotion in specific market segments (MICE, Wellness, etc.) and align promotion campaigns.

Thrust Theme 4 - Incentives Strategies

(Repositioning and reform of the market environment)

Facilitating sector growth from both a supply and a demand side, as well as creating visitor protections to ensure sub-segments of tourism are well-regulated, are necessary to attract continued financial support, both in terms of business investment and tourist attention, and ensuring tourism’s sustainable development in Sri Lanka.

Strategy 4.1 - **Improve competitive positioning of the business environment** to create an attractive business environment (supply side)

In addition to endorsing tourism as an export industry, advocating for more consistent policies across sectors and the country, including solutions to prevent tax fraud and avoidance, and reforms of the classification systems categories and labels, will allow the private sector to become more competitive. Classifications and labels can provide useful marketing platforms for individual businesses and for destinations wishing to promote the quality of their offer. From this perspective, the National Tourism Policy suggests that more regular reviews of classification systems can be useful in order to keep them up to date with rapidly evolving consumer needs, particularly with regards to technology and accessibility. In that perspective, an independent audit company can be appointed to audit the tourism stakeholders. The National Tourism Policy also recommends a reform of labour laws and visa policies for foreign investors and staff. Foreign investors and employees should be strictly regulated and monitored on their conduct when operating and/or working in the country to prevent and avoid tax evasion. Accelerating digitisation of regulation (including one-stop approval system for investors) and online monitoring with the objective to reduce the volume of both informal stakeholders and tax evasion are interesting options to achieve a fair business environment in Sri Lanka.

Strategy 4.2 - **Incentives for sustainable and responsible tourism**

It is proposed that the Ministry of Tourism will provide investment incentives and rebates to entities meeting the criteria in building sustainable and responsible tourism products and services, and encouraging stakeholders to actively engage in building a resilient industry in Sri Lanka.

Strategy 4.3 – **Transforming the visitor experience** including measures for safety and security of visitors

To increase the opportunities for visitors to engage with the destination - and reduce pain points - accessibility reform of the destination, sites, products and services is essential. This includes the connectivity of the destination (e.g.: opening transportation sector), making it accessible and safe for all, and ensuring easy access to sites and products through improved access to online services. Accelerate investments in infrastructure (cruise tourism terminals, exhibition centres, visitor centres, smart destinations, etc.) will also help to boost destination growing tourism related industries and ensure consistency through providing information in a uniform manner (signage, restrooms, quality of information, etc.). Related to the consistency in the visitor experience, it is important to establish a consistent policy between stakeholders for selling soft liquor. This strategy also includes an important sub-strategy for improving **safety and security of visitors** (enhanced measures to improve safe guiding and transportation). The advent of new forms of tourism, including new forms of transportation, require regulation to ensure tourist safety and fair treatment of the service providers. This includes regulating the rentals of all types of vehicles and adventure/sports equipment to protect visitors and limit unfair competition through mandatory insurance covers (and registration numbers). Streamlining the issuance of International Driving Permits (IDPs) to foreign travelers is also an option to consider.

8.2. Responsibility and Authority

To ensure synergistic results, it is essential that key tourism stakeholders act in unison in a spirit of cooperation and partnership. This is only possible when each actor fully understands their responsibilities and plays their role. Thus, only the government can:

- Resolve legal and procedural issues related to the implementation of policies, strategies and projects;
- Decide on the conditions of competition and regulate them where necessary by setting standards;
- Provide public infrastructure for an attractive and competitive tourism environment.

The role of the national government is to provide an enabling environment for sustainable tourism to flourish, and to provide the overarching vision of a sustainable tourism industry. In performing their respective roles, public institutions under the tourism sector shall therefore maintain good working relationships and shall consult each other to avoid conflicts and duplication of functions. The ministry responsible for tourism will provide overall supervision, coordination and monitoring of implementation of the Policy while the Tourism Development Authority will ensure its implementation.

The newly established Inter-ministerial Tourism Committee should however play a major role in contributing towards improved coordination and implementation of the Policy. It can secure the cooperation of all institutions and Ministries especially with regards to the standardisation of minimum requirements in the different fields addressed in this Policy. In this way, the Inter-ministerial Tourism Committee can overcome the obstacles caused by the transversality of the tourism sector.

Provincial Councils should have appropriate delegation of powers, functions, and duties. It is easier at this level to address the issues of monitoring and regulating informal activities and the application of standards in their respective geographical areas. In collaboration with local authorities and communities, provincial councils should develop, maintain, protect and manage existing and new attractions, sites and tourism zones under their jurisdiction to ensure that tourism development activities are carried out in a sustainable manner. This means that they are responsible, among other things, for protecting local cultural and social values and the natural environment from the negative influences of tourism, and for taking prompt remedial action when negative impacts occur. In doing so, however, local authorities and communities must ensure the psychological and physical well-being of visitors and the safety of their property, and coordinate and direct the agencies involved in maintaining security.

Being divided on several important issues, it is time for the private sector to initiate a private-to-private dialogue to have a common position that would allow stakeholders to work together and approach the government with one voice (Tourism Federation) on issues related to improving the business environment and marketing the destination. In addition, the Sri Lankan private sector should play a leading role in helping to steer the tourism sector towards sustainability and contributing to the effort to build a positive image of the country. This can be achieved by meeting minimum standards and requirements for sustainable development of the sector and by providing opportunities for young people to regularly improve their skills, competencies and ethical standards in the establishment they own and manage.

8.3. Monitoring & Evaluation

Appropriate monitoring and evaluation systems are important to measure the impact of the Policy, ascertain its progress and assess the effectiveness of making additional resources available to the sector. To properly assess the impact of the Tourism Policy and the effectiveness of those strategies that support its implementation, a constant and progressive monitoring and evaluation shall be carried out by the Ministry responsible for tourism. This will provide information on the status of the tourism sector, and the effectiveness of new development strategies. There shall also be internal monitoring and evaluation systems to measure efficiency and effectiveness of policy implementation across the sector.

Indicators to measure the effectiveness and the actual implementation of the Tourism Policy can be grouped into four main categories (see Annex 2), proposed below:

- ***Indicators related to the achievement of activities as proposed in the action plan*** (e.g.: revision of tourism related laws and policies, # of created guidelines, standards and curriculums, # of signed MOU, # of steering committees at provincial level, # of HEQ plans at provincial level, % of standardised public products and services, # of sold e-tickets for public services, # of trainings for civil servants, Km of paved sidewalks in tourist destinations, etc.)
- ***Indicators related to the improvement of competitiveness of the destination*** (e.g.: # of visitors, levels of day and trip expenditures, ALOS, volume of investments, volume of employment, volume of new tourism related businesses, price competitiveness, regional market shares and comparative advantage ratio, etc.)
- ***Indicators related to increasing sustainability of practices*** (e.g.: legal enforcement of minimum requirements in construction, # of electric vehicles, # of visitors per day per square meter in natural protected areas, # of certified stakeholders, # of stakeholders adopting CSR strategies, etc.)
- ***Indicators related to the qualitative transformation of the supply side*** (e.g.: share of informal stakeholders, # of apprenticeships and internships, improved mobility, # of certified CBT products, # of certified wellness products, # of trainings for tourism operators, etc.)

To conclude, it is agreed to make any necessary adjustments or changes during the implementation of the National Policy on Tourism depending on the evolving conditions of the international tourism sector.

9. Glossary

The purpose of this glossary is to assist the users of this Policy document to have a fair understanding of some terminologies in the context in which this Policy is developed. It is important to note that the interpretation of such terminologies in different contexts and situations could be different.

Part A:

Policy Goals: Following on from the Underpinning Policy Principles, a policy has "goals". These goals describe the range of desired outcomes or what is to be achieved by implementing the policy. A policy goal is a broad statement of intent guiding action.

Policy Objectives: Goals and Objectives are not the same. “Measurability” is always considered to be an important principle in setting objectives. Objectives are usually linked to one or more “operational units” and are typically “short term”. It is perfectly possible to write a policy that does not have measurable objectives and it will serve the country’s needs. Goals are sufficient enough to ensure the policy’s longevity. Policy Objectives is the written guidance contained within the policy that helps the reader understand what they have to do to adhere to the policy. This written guidance needs to be very well worded, unambiguous and clear.

Policy Principles: The policy principles are the reasons why a policy exists. A policy exists for a purpose and this is expressed in the form of underpinning principles. Policy principles outline why the government is issuing the policy, and what its desired effect or outcome of the policy should be. Policy Principles are equivalent to the vision statements in corporate or strategic plans.

Policy Statements: Policy statements are the key statements of the Government’s position. Through the policy statements, the intent of the policy is stated in the form of simple and concise statements. Therefore, the policy statements are used to designate a straightforward statement or declaration on a particular topic or topics. Policy statements have longevity without being subjected to continual amendment. At the same time, they are general enough to allow for flexibility and accommodation to unanticipated circumstances in the future. In general, policy statements govern or guide the actions that will be taken. Policy statements state what is to be done, and not how it will be done. Policy Principles and Policy Statements have a very clear distinction. Policy Principles are the “Basis or Believes” of the action or thinking even if there is no strong scientific proof or data. Upon "believing" in these policy principles, then the Policy Makers “state" what they commit themselves to pursue. Therefore, Policy Statements become "clear messages announced to the audience saying that this is what we want”.

Part B:

Adventure Tourism: A type of niche tourism, involving exploration or travel with a certain degree of risk (real or perceived), and which may require special skills and physical exertion.

Cruise Tourism: A form of travelling for leisure or sport purposes that involves an all-inclusive holiday on a cruise ship.

Community-Based Tourism: Tourism participation and involvement of the local population living in tourism destinations.

Corporate Social Responsibility (CSR) in Tourism: A guiding business policy whereby tourism companies integrate social and environmental concerns in their own business mission, strategies and operations and in their interaction with their stakeholders on a voluntary basis.

Culinary Tourism: The exploration of food as the purpose of tourism.

Eco-tourism: Environmentally responsible travel and visitation to relatively undisturbed natural areas, in order to enjoy, study and appreciate nature (and any accompanying cultural features – both past and present), that promotes conservation, has low visitor impact, and provides for beneficially active socio-economic involvement of local populations.

HEQ: The HEQ-planning framework offers planners and developers an approach to apply sustainability principles to their projects. The objectives are the following:

- To ensure the integration and coherence of the district with the urban fabric and other scales of the territory;
- To preserve natural resources and promote the environmental and health quality of the development;
- To promote local social life and strengthen economic dynamics.

Inclusive Tourism: Transformative tourism in which marginalized groups are engaged in ethical production or consumption of tourism and the sharing of its benefits.

MICE: Meetings, incentives, conferences and exhibitions (MICE) is a type of tourism in which large groups, usually planned well in advance, are brought together. The MICE Industry which evolved in the 80s has taken different shapes during the past 40 years and is now called "Destination Event Industry". This subsections under Destinations Events Tourism includes:

- Meetings & Conferences Industry (Meetings, Conferences, Exhibitions, Workshops, Conventions etc.)
- Trade fair & Exhibition Industry
- Business Event Industry (Product launches, Business Forums, etc.)

- Personal Event Industry (Destination Weddings, Celebration events etc.)
- Entertainment Event Industry (Fashion Events, Sports Tournaments, Carnivals,
- Sports Event Industry (SAARC Games, Triathlons, Sailing Events etc.)
- Cultural & Religious Event Industry

Nature-Based Tourism: Nature-based tourism is any type of tourism that relies on experiences directly related to natural attractions and includes ecotourism, adventure tourism, extractive tourism, wildlife tourism and nature retreats.

Responsible Tourism: Any form of tourism that can be consumed in a more responsible way, including that which minimizes negative social, economic and environmental impacts, generates greater economic benefits for local people and enhances the well-being of host communities, improves working conditions and access to the industry, involves local people in decisions that affect their lives and life chances makes positive contributions to the conservation of natural and cultural heritage embracing diversity provides more enjoyable experiences for tourists through more meaningful connections with local people, and a greater understanding of local cultural, social and environmental issues.

Sustainable Tourism: Sustainable tourism development requires the informed participation of all relevant stakeholders, as well as strong political leadership to ensure wide participation and consensus building. Achieving sustainable tourism is a continuous process and it requires constant monitoring of impacts, introducing the necessary preventive and/or corrective measures whenever necessary.

Tourist: A visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor), if his/her trip includes an overnight stay, or as a same-day visitor (or excursionist) otherwise.

User-Generated Content: Any form of content, such as images, videos, text, and audio, that has been posted by users on online platforms such as social media.

Visitor: A visitor is a traveller taking a trip to a main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited. A visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor), if his/her trip includes an overnight stay, or as a same-day visitor (or excursionist) otherwise).

Wellness Tourism: Travel associated with the pursuit of maintaining or enhancing one's personal wellbeing.

Annex 1: List of Acronyms

ASMET	Association of Small and Medium Enterprises in Tourism
B2B	Business-to-Business
BOI	Board of Investment
CAR	Competitive Advantage Ratio
CBT	Community-Based Tourism
CCD	Coast Conservation Department
DMC	Destination Management Company
GBG	Green Building Guidelines
GDP	Gross Domestic Product
HEQ	High Environmental Quality
HRD	Human Resource Development
IDP	International Driving Permits
IFC	International Finance Corporation
ILO	International Labour Organization
ITC	International Trade Centre
JICA	Japan International Cooperation Agency
MSMEs	Micro, Small, and Medium-Sized Enterprises
MICE	Meetings, Incentives, Conferences, Exhibitions
NCSD	National Council for Sustainable Development
NDCs	Nationally determined contributions
OECD	Organisation for Economic Co-operation and Development
OTA	Online Travel Agents
RACA	Rent A Car Association Sri Lanka
SDG	Sustainable Development Goals
SLAITO	Sri Lanka Association of Inbound Tour Operators
SLAPCEO	Sri Lanka Association of Professional Conference, Exhibition & Event Organisers
SLCB	Sri Lanka Convention Bureau
SLITHM	Sri Lanka Institute of Tourism & Hotel Management
SLTPB	Sri Lanka Tourism Promotion Bureau
SLTA	Sri Lanka Tourism Act
SLTDA	Sri Lanka Tourism Development Authority
SME	Small and Medium-Sized Enterprises
TDA	Tourism Development Areas
THASL	The Hotels Association of Sri Lanka
TSC	Private Sector Tourism Skills Committee
TSP	Tourism Strategic Plan
UDA	Urban Development Authority
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNWTO	United Nations World Tourism Organization

VAT	Value-Added Tax
WB	World Bank
WTTC	World Travel & Tourism Council

Annex 2: Indicators for Monitoring and Evaluation by Pillars

Categories	Indicators	Strategy	Pillars	Expected achievement for each indicator
Indicators related to the governance structures and regulatory environment	- # of Ministries involved in the ITMC - # of thematic task forces created in the ITMC - # of ministries appointing someone in charge of tourism	1.1	Integrated Governance	- Faster implementation of tourism policy and strategies - Improved coordination between Ministries - Increased prioritisation given to tourism related issues
	- Volume of TDL year over year - Volume and origin of taxes & duties - # of resource-sharing tools proposed - Budget of Provincial Councils - Amount shared, impact in terms of tourism development (# of campaigns, products, services launched)	1.2		Increased public revenues from tourism Increased variety of tourism revenues Increased budget of provincial councils Increased number of activities related to tourism development by provincial councils
	- # of meetings about harmonising regulatory framework between central and local authorities - # of aligned technical requirements between different departments	2.1	Integrated Governance/ Inclusive and Sustainable Tourism	- Simplified and transparent governance of the tourism sector - Harmonised technical requirements that ease the doing of business for private stakeholders
	- Updated Tourism Act	4.1	Incentive Strategies	- A new institutional, legal and regulatory framework
	- # of foreign investment visas issued - Increased ease of doing business indicators	4.1		- Increase volume of FDI in tourism - Improved attractiveness to FDI

	- Share of foreign/local staff employed			- Increased share of local staff at management level
	- # of regulatory working procedures digitised - # of guidelines existing for the registration of informal stakeholders - # of users accessing online monitoring system to access benefits (including per category of stakeholders) - Percentage of informal stakeholders - Percentage of registration growth	4.1		- Friendly, efficient and transparent online administrative procedures - An increased number of users of online service - A decrease in the number of informal stakeholders - An increase in government revenues from tourism
	- # of soft alcohol licenses delivered - # of excise licenses delivered and linked to SLTDA license approval - Level of satisfaction of customers in tourism related businesses	4.3		- A simplified and harmonised system of excise licenses - A liberalised soft liquor license system
Indicators related to the competitiveness of the destination	- Updated aviation policy - # of airlines flying domestically - # of domestic air routes	1.1	Integrated Governance	- Improved effectiveness of marketing strategies - Increased # of options for domestic travels - Increased # of passengers on domestic flights - Increased expenditures and # of employees in the airlines sector - Increased level of satisfaction amongst visitors
	- Decree for unique and similar institutional framework for tourism management in all provinces	1.2		- Effective communication mechanism between central government/PC

	- # of representatives appointed to establish communication mechanism between central government and Provincial Council - Percentage of provinces with appointed MOT or SLTDA representative - # of governance trainings offered to Provincial Councils - # of provincial tourism strategies or plans being developed - # of meetings involving multiple provinces - # of provincial steering committees - # of private sector representatives in each provincial steering committee			- Capacity building of tourism provincial officers - Improved management of tourism at provincial level - Increased competitiveness of all provinces - Increased satisfaction of domestic and international visitors - Integrated tourism development of provinces
	- # and quality of visitors - Satisfaction of stakeholders with tourism management and promotion (survey) - # of KPIs - Level of achievement of KPIs - # of degrees given by SLITHM - Volume of students at SLITHM - Increase position of Sri Lanka in WTTC Index - # of board seats awarded	1.3		- A more qualitative volume of visitors to Sri Lanka - An improved relationship between public and private stakeholders - An improved measurement of tourism management efficiency - An increased volume and standard of tourism trainees - A more appealing destination - An integrated management of tourism
	- # of official studies conducted around CBT, Wellness, MICE/Destination Events - # of international insurance companies recognizing Ayurveda treatments - # of interdepartmental meetings about MICE/Destination Events	2.3	Integrated Governance/ Inclusive and Sustainable Tourism	A more diversified and studied supply A more internationally recognised and renowned wellness tourism supply A more competitive MICE sector

	- Annual review of associated stakeholders - # of definitions inserted for tourism sub-sectors (eco-tourism, CBT, wellness, MICE, etc.) - # of existing guidelines for each tourism sub-sector, as well as specific codes of conduct - # of articles related to tourism sub-sectors in Tourism Act			A more comprehensive approach to sub-sectors development Regulated and harmonised practices in newly acknowledged tourism sub-sectors A legal and regulatory framework for all tourism sub-sectors
	- # of market segment reports developed - # of domestic, international visitors for tourism sites - Growth rate of tourism sub-sectors (MICE/Destination Events, CBT, Wellness) - # of task force meetings around consultative process of data collection - # of universities, Provincial Councils involved - # of protocols/guidelines established - # of publications from Sri Lanka from MOU	3.1	Informed Stakeholders	- A well-informed decision-making process (Marketing) - Attractive and better managed/preserved tourism sites - Sri Lanka becoming a leading destination in each sub-sector - An increased number of researches and volume of qualitative and quantitative information on tourism in Sri Lanka
	- # of tourism strategies tracked using M&E framework - # of projects implemented through protocol - # of sub-committee members involved in tracking policy implementation - Volume of investments and growth rate - Share of tourism in GDP and GDP growth			- An evidence-based approach to tourism planning and management - An integrated approach to tourism development - An integrated approach for the M&E of policy/strategies implementation - Tourism as a backbone to GDP growth
	- # of meetings of Steering Committee at provincial level - # of upgraded facilities on shared regional tourism routes	3.3		- An integrated management of tourism at provincial level - Tourism facilities of international standard - A more varied and competitive offer

	- # of multi-provincial products being improved or created - # of guidelines/regulations established for developing domestic tourism campaigns - # of reports/presentations filed by Community Manager - # of answers to online comments - Volume of domestic tourists - Average daily and trip expenditures by domestic tourists			- A more structured and regulated supply - An improved online data collection process - A responsive and dedicated customer service tourism industry - An attractive destination for its own nationals
	- # of associations/companies involved in promotion - # of guidelines established for best practices and tools for B2C marketing - # of promotion campaigns - Volume of user-generated content shared from Sri Lanka - Volume of user-generated content shared about Sri Lanka - # of partnerships with influencers - # of thematic sub-sector task forces established (e.g.: MICE tracks MICE destination marketing)	3.3		- An integrated promotion strategy - An up-to-date marketing strategy - Efficient marketing strategies - A large variety of target markets resulting in a limited dependency to a few only - A highly popular destination on social media - A highly popular destination among influencers - A well-structured marketing approach
Indicators related to sustainability measures and practices	- Tourism national plan aligned with existing tourism related policies (culture, wildlife, etc.)	1.1	Integrated Governance	- A more sustainable tourism development
	- # of task force meetings about crisis management system - # of beneficiaries involved in a fund for tourism - Volume of funds dedicated to resilience tool	1.4		- An integrated approach to crisis management - An efficient mechanism to support tourism stakeholders

	development			- A more resilient tourism industry
	% of constructions respecting the new minimum requirements for building tourism infrastructures, businesses, and facilities # of licenses delivered to stakeholders respecting technical requirements	2.1	Integrated Governance/ Inclusive and Sustainable Tourism	- An increase of environmentally friendly tourism infrastructures - An increase in the number of businesses adopting a CSR approach
	- # of tourism zone assessments - # and variety of indicators for HEQ plans - # of HEQ plans and projects developed - # of existing guidelines and/or regulations for provincial councils, local authorities, to carry out capacity assessments - # of tourism investment opportunities identified and promoted - Volume of investment received for responsible tourism investment in restructured areas	2.1		- A sustainable management of destinations - An integrated planning and management approach to tourism development - A destination attractive to responsible investors - An increase volume of responsible investments nationwide
	- # of international certifications for NPAs in Sri Lanka - # of standards developed for types of vehicles entering into National Parks (marine and terrestrial) - # of registered electric boats/vehicles	2.2		- An increased number of certified NPAs - More environmentally friendly vehicles in MPAs - An increased share of electric vehicles in NPAs
	- # of private sector associations involved in the Tourism Federation - # of members in the Tourism Federation - Percentage attendance of meetings - # of members of Tourism Federation in board of	1.5		- A structured tourism supply in Sri Lanka (One Voice-One industry) - An increased number of registrations of informal stakeholders (a more regulated industry) - A more diversified perspective from the private

	para public bodies - Revision of Tourism Act			sector into the decision-making process - The legal acknowledgement of more categories of tourism stakeholders
	- # of stakeholders participating in social security network - # of beneficiaries of social security network - TDL incomes from newly registered stakeholders	2.3		- A social and inclusive approach - An increase in both the number of formal stakeholders and associated incomes (through the TDL)
	- # of trained tourism police officers - # of courses taught to tourism police officers	4.3	Integrated Governance	- A safe and secure destination
Indicators related to the qualitative transformation of the supply side	- # of existing guidelines and/or regulations for tourism site development (NPAs, marine, cultural, etc.)	1.1	Integrated Governance	- A sustainable commercial exploitation of NPAs
	- # of ecological and social footprint standards in CCD guidelines - Percentage of respected ecological and social footprint standards in coastal areas - # of incentives and impacts issued to support making the sector more sustainable - # of NDC recommendations incorporated into tourism strategies - # of established guidelines for sustainable practices in tourism	2.2	Integrated Governance/ Inclusive and Sustainable Tourism	- An increased inclusion of qualitative perspectives in coastal management - An inclusive development of tourism in coastal areas - A decrease in the number of irresponsible practices - A more sustainable industry - An increase in the number of available supports to improve behaviours of tourism professionals and visitors

	- # of entities concerned by an upgrade of curriculums - # of standardised school licenses and national curriculums - # of standardised services between SLTDA and Provincial Councils - # of institutions registered to provide tourism instruction - # of approved international online courses - # of labelled training courses on the syllabus - # of existing guidelines for bridges between professional training and experience (including apprenticeships/internships) - # of trainings offered to develop services between SLTDA and Provincial Councils - # of formal meetings conducted - # of certifications issued for having completed trainings - # of secondary school students enrolled - Level of salary of trained individuals - Gender pay gap - Gender balance in tourism (including at same level) - # of schools offering instruction	3.2	Informed Stakeholders	- A streamlined and improved quality of contents for tourism trainings - A harmonised public training support to HRD - A revised Human Resources Development strategy - An increase number of certified institutions - A growing number of opportunities for tourism suppliers to improve the quality of their products and services - A more practical and effective approach to tourism training - An increase in the number of vocational trainings to compensate emigration from trained youth - An increased number of certified tourism workers - An increased interest in tourism as a career - An increased volume of women in tourism
	- Surveys of domestic tourist awareness/satisfaction on availability/quality of tourism information - # of new tourism products - # of guidelines developed for colours, quality, minimum requirements, and aligning promotion	3.3		- More appropriate products and services for domestic tourists - Increased opportunities for Sri Lankan nationals to visit their country - More efficient promotion campaigns

	campaigns - # of campaigns launched promoting good practices/new products			
	- # of evaluations conducted on the standards of establishments (accommodation, food, service) - # of classifications issued by internationally recognised auditing firms - Return rate for classified establishments	4.1	Incentive Strategies	- A well classified tourism industry - The provision of indicators to both consumers and intermediaries on the standards to be found at individual establishments - A level of satisfaction linked to the expectations induced by the newly established classification system
	- Annual review of types of vehicles to be used for rentals or adventure/sports equipment - Volume of vehicles rented per year - Volume of new tourism vehicles - # of existing standards/regulations regarding the periodic review of tourism vehicles - # of registrations issued for tourism vehicles - # of existing insurance requirements, including coverage and registration number	4.3		- A safer visitor experience - An increase number of excursions using brand new or more environmentally friendly vehicles - A more environmentally friendly fleet of vehicles -An increase number of brand new or more environmentally friendly vehicles
	- Volume of tickets issued digitally to nationally owned entities (trains, airlines, museums, NPAs, etc.) - # of e-platforms existing for nationally owned entities - # of entities offering digital tickets - # of smart tourism destinations listed for digital travelers	4.3		- An improved online experience associated with a better on-site experience (no harassment, queuing, uncertainty, etc.) - A higher level of satisfaction - A higher number of digital nomads

	- Traveller satisfaction			
	- # of travel and tourism operators participating in Destination Events - # of minimum standards established for tourist infrastructures - # of guidelines/regulations established for tourist infrastructures - # of tourist infrastructures installed - # of coordination meetings for developing tourism standards between STLDA, UDA, and Provincial Councils - Volume of investments to exhibition centres for destination events industry - # of existing standards for consistency (signage, restrooms, quality of information) between train stations, tourism sites, and visitor centres	4.3		- A more appealing destination for Destination Events - An increased earning power with higher-quality and multi-functional infrastructures - Safer and convenient tourism infrastructures - Nationally harmonised standards in tourism construction - Increase in the volume of investments in the destination events industry - Nationally harmonised standards in access to information and public services

Annex 3: List of Related Policies

Media Policy
National Civil Aviation Policy (2009)
National Climate Change Adaptation Strategy for Sri Lanka
National Climate Change Policy of Sri Lanka (2012)
National Cultural Policy (draft)
National Forestry Policy
National Land Use Policy
National Occupational Safety & Health Policy (2014)
National Policy and Strategy on Cleaner Production for Tourism Sector
National Policy for Disaster Management (2013)
National Policy Framework for Small Medium Enterprise (SME) Development
National Policy Framework Vistas of Prosperity and Splendour
National Policy on Sustainable Consumption and Production
National Policy on Transport in Sri Lanka
National Policy on Wildlife
National Policy Proposals on Higher Education 2019
National Policy on Technical and Vocational Education 2018
National Youth Policy Sri Lanka

Annex 4: Tourism Economy of Sri Lanka

With the impact of the COVID-19 pandemic, it was decided not to include tourist arrivals for the year 2020 in forecasts, as they do not reflect Sri Lanka's competitiveness in international tourism. In the year before the COVID-19 pandemic (2019), Sri Lanka received 1,913,702 international visitors, down 18% from 2018 due to lowered traveler confidence as a result of the Easter Sunday terrorist attack. While this decrease is general for all markets except Russia (+34.2%), the decline in 2018 was, however, stronger for the Chinese market.

According to Suranga et al. (2020), during the past decade from 2009 to 2018, international tourist arrivals to Sri Lanka increased by nearly 475% while foreign exchange earnings of tourism increased by nearly 1150% (to US$ 4,380.6 million), as compared to Rs. 598 143 million (US$ 3,924.9 million) in 2017, growing by 19% for a total direct contribution of 4.9% to GDP. This positions tourism as the third source of foreign exchange for the country in 2018 behind workers' remittances and textiles and garments factories.

A longitudinal analysis of the national GDP [see annex 6] and the share of tourism in its growth shows that tourism can play a key role in the strength, diversity and resilience of the Sri Lankan economy. We note that in 2010, the first full year after the end of the Sri Lankan Civil War, tourism visits began a rise that would last through 2018, and tourism as a percentage of the GDP rose to nearly 5%. In particular, during recent strong years, up to 45% of GDP growth could be attributed to tourism, suggesting that tourism flows are directly responsible for much of the economic successes of recent years. Given that the GDP growth rate is an important indicator for the strength of the economy, suggesting positive indicators for job growth, business activity, and personal income. With that, tourism's impact in Sri Lanka has been particularly noteworthy.

While the 2020 tourist arrival numbers do not reflect Sri Lanka's tourism competitiveness, it is important to state the seriousness of the impact from COVID-19 in order to construct a measured response to it. From 2019 to 2020 (WTTC), the economic contribution of tourism and travel to the economy dropped 55.6% (from US$ 8,962.7 million to US$ 3,981.5 million), the contribution of travel and tourism to employment dropped 24.1%, and the international visitor spend dropped 73.8%. Of note, however, is the comparably lower decline in domestic visitor spend of just 31.8%. While still significant, it suggests a resilience that could be foundational in the coming years. On the whole, Sri Lanka's tourist arrivals (SLTDA) dropped 73.5% from 2019 to 2020 (from 1,913,702 to 507,704).

Similarly, the level of direct and indirect employment (total employment) increased by nearly 200% (to 388,487 total employees) while formal accommodation capacity increased by approximately 70%. This is macro-economic information that does not fully assess how tourism contributes to national and regional economic development. Today, the top 10 markets account for 68% of all international arrivals to Sri Lanka. Europe, Asia, and the Pacific together account for more than 90% of the arrivals of international visitors to Sri Lanka. On average, international visitors to Sri Lanka stay 10.8 nights in the country with

Oceania and western visitors staying longer (>13.5 nights) than those from Asia (< 8 nights). The average spend per night is US$ 173.8.

However, the distribution of tourist flows and revenues is not consistent temporally or spatially throughout the country. This is due to both accessibility constraints and uneven development, particularly in the Northern part of the country. Sri Lanka has three international airports and nine domestic airports. Of the primary regions, the North, South, and West are served by international airports, but the East lacks that access (though there is Batticaloa International Airport, it is not currently serving international carriers), preventing Sri Lanka from being a year-round destination.

The flows to Sri Lanka's most popular National Parks are also uneven. In a benchmark done comparing two other leading tourist nations - South Africa and Kenya - the number of visitors per day per square kilometer was similar (Kenya had 0.144 visitors per day per km sq., and South Africa had 0.166). Sri Lanka's national park attendance on average (1.515) is a magnitude above that, with its three most popular parks by attendance, Yala (1.761), Horton Plains (35.210), and Udawalawe (3.662), finishing well above it, suggesting a density that tourists aren't experiencing in other locations and leading to other impacts, including on wildlife and the natural environment itself.

To increase the number of international visitors to Sri Lanka, four market segments were identified as priority opportunities (WB, 2020): sailing, surfing, nature and wildlife, and health and wellness (for which a strategy exists, but was not implemented). In addition, recent documents like Sri Lanka Tourism Vision 2025 have identified upscale tourists as a possible way to preserve natural and cultural resources while also positioning Sri Lanka as a high-value destination. Needless to say, that preservation is not only about the types of tourists that come; it is primarily about the governance of the sector, including the capacity assessment of sites and planning of tourism development. This can ensure resources are exploited with responsible practices and that tourism dollars spread in a way that benefits more stakeholders.

Sri Lanka has identified a range of growth sectors as well as target markets. India, already the number one market, could continue to be key for the development of niche sectors like MICE, honeymoon packages, and cruises while reducing the seasonality of tourism at the same time. Strategies catered to distinct countries and regions like Australia, China, Europe, the US, and the Middle East are being proposed as well.

What's important to be aware of is that Sri Lanka has a comparative advantage, especially in potential high yield markets like Europe, Americas, and the Middle-East. **Sri Lanka is a relatively preferred destination for tourists from these markets**, as the proportion of tourists from Europe, Americas and Middle-East compared to the total number of tourists that visited Sri Lanka is greater than the share of tourists from these markets in competing regional destinations. In other words, **the absorption of tourists from Europe, Americas and Middle-East by Sri Lanka is greater than the absorption of tourists from these markets by the competing destinations in Southeast Asia [see annex 6].**

Based on a competitive advantage ratio, **Sri Lanka is shown to be competitive in the same regions within the period (2014-2018) but, while it is getting better for the American and European markets, it has in fact lost some of its competitive advantage over the last 4 years for the African and Middle East Markets**.

This analysis shows us how the volume of arrivals can influence the understanding of the competitiveness of a destination. While Sri Lanka appears less competitive at the regional level based on the growth rate of international arrivals, this perspective is mainly due to a weaker comparative advantage in regional markets (India, China) which are high growth markets (mass tourism markets) that are less inclined to responsible practices.

I.1. Domestic tourism in Sri Lanka

A strong domestic market is important to ensure stable demand for tourism attractions and services that can be affected by seasonal and economic fluctuations in foreign visitor markets. This was particularly true during the COVID-19 health crisis. To ensure a sustainable future for the tourism sector, the government must therefore take initiatives to stimulate not only the development of domestic tourism, but also to guide it towards a sustainable path based on responsible practices.

However, while measures exist to encourage domestic recreation worldwide, their economic impact remains not only limited but also often unknowable. Internationally, the WTTC estimates that domestic tourism generated 71.3% of total tourism spending in 2019. In that vein, the context of the COVID-19 pandemic has led the UNWTO to issue several recommendations, including the promotion of domestic tourism as the backbone of the sector to “start rebuilding national economies.”

In 2019, the WTTC estimates that domestic spending in Sri Lanka had an impact of US$ 2.6Bn. Similarly, Sri Lanka’s Department of Census and Statistics (Sri Lanka Tourism Expenditure Survey 2017/2018) launched their first-ever survey to measure the characteristics of the tourism industry separate from the economy of Sri Lanka with data from 2017-2018 for a total number of trips of 7,011,677. Most of the trip motivations came from visiting friends and relatives and religious trips, with just 9.8% connected with holidays, leisure, and recreation. The proportion of leisure trips remained steady for both same-day (9.5%) and overnight visits (10.4%). 63.3% of all trips were same-day, with travellers spending more than 60% of expenditures on gifts and road passenger transport services, compared with only 23.4% on accommodation and food. The number of trips spread across all nine provinces suggests the potential for growth and opportunities for business and job creation, but more study is needed.

To capitalize on that growth, it will be necessary to research and adapt or develop the type of attractions and activities capable of attracting the domestic visitor, which may be very different from what attracts the foreign market. In that vein, it is important to recognize the differences in the two and find ways to regulate both to avoid conflicts and create a cohesive environment

Sri Lankan visitation to national parks (NPs) is strong and outranks foreign visitations. In 2018, 1.6 million of the 2.7 million total visitors (59.4%) were domestic, and domestic visits outpaced international ones at every park but two (Udawalala, Minneriya). Despite visitor attendance, domestic visitation brings in just 3.4% of the total NP revenue.

Interest and activity in domestic tourism exist, but more can be done to stimulate it. This could include better domestic accessibility, especially by air, given that prices may not be reasonable for domestic travelers. With the domestic tourism survey of over 25,000 households nationwide, flights were only recorded from Southern Province, hindering exploration beyond local areas accessible by bus and car. Improving transportation options could also encourage spread. Similarly, efforts could be taken to make accommodations more attractive to domestic tourists in terms of pricing, tour operator cooperation, and more. Planning at tourism destinations could also prioritize domestic travelers with supporting infrastructures like signage in local languages, roads, parking lots, and facilities. From the supply side, efforts could be made to share expectations on etiquette and behavior for domestic tourists, potentially as part of a campaign branding domestic tourism separately from international tourism.

Annex 5: Macro Data on Tourism

A comparison of Sri Lanka with its regional competitors shows that the country has received fewer international tourists than others (Figure below), but more importantly, it shows a slow growth rate compared to Thailand, Singapore, or Indonesia. From a sustainability perspective, this can be seen as a good thing as long as the growth is based on high-yield markets that are equitably distributed across the country. According to available tourism statistics, visitors to Sri Lanka have however a lower average level of daily expenditure (US$ 173.8) than those of Maldives (US$ 323.9), Singapore (US$ 316.5), India (US$ 294.7) and Thailand (US$ 184.9). Nevertheless, the average length of stay of visitors to Sri Lanka (10.8 days) is the second longest in the region after Indonesia (12.6 days).

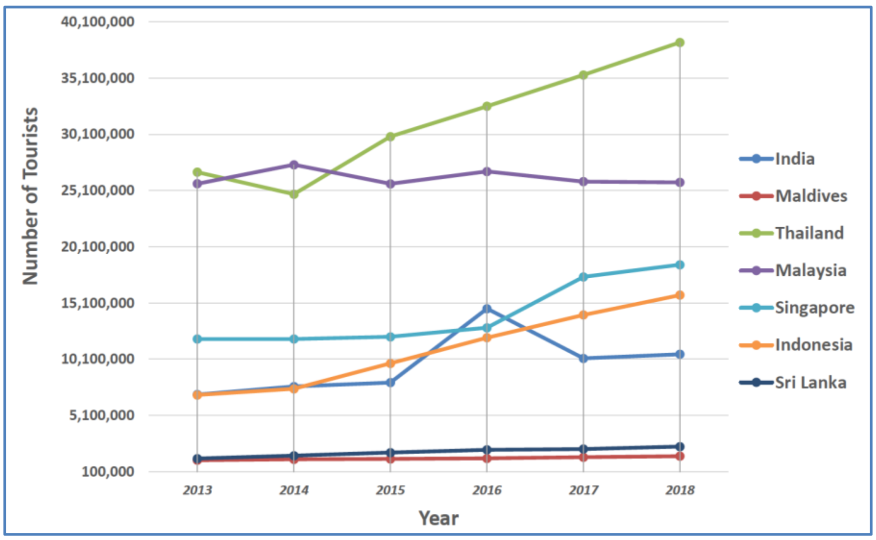

Figure 10 – Regional Trends in International Visitor Arrivals (2013-2018)

Source: UNWTO Barometer

In 2019, Sri Lanka was ranked 77th out of 140 countries in the Travel and Tourism Competitiveness Index. This ranking has been reduced by 13 places compared to the last survey in 2017 (64th place in 2017). Several factors have lowered the level of competitiveness of Sri Lankan tourism from 2017 to 2019. Among these factors, the decline in the level of competitiveness in the business environment (50th to 79th), safety and security (59th to 78th), international openness (67th to 100th), price competitiveness (20th to 74th) and natural resources (31st to 43rd) were the main reasons for this decline. Finally, the Global Ease of Doing Business Index also indicates a worsening of the country's business environment compared to its competitors.

Another more precise approach to quantitative tourism competitiveness is the comparative advantage ratio (CAR) that is derived from comparing two ratios: the absorption rate of a host country of tourists from a particular market and the share of that particular market's arrivals in the competing destinations. Sri Lanka has a competitive advantage in a particular market if the share of international tourists from that market is greater than the average. The average here is defined as the share of outbound tourists from that market in all competing destinations if the ratio is greater than 1 - this means that Sri Lanka is a relatively preferred destination compared to competing destinations as a whole.

For example, Sri Lanka is a relatively preferred destination for tourists from Europe or has a competitive advantage in this market. In other words, the absorption of tourists from Europe by Sri Lanka is greater than the absorption of tourists from Europe by the competing destinations in Southeast Asia. From the table below, the competitive advantage of Sri Lanka in the Africa, Americas, Europe, and Middle East markets was respectively 1.11, 1.23, 3.55 and 2.56 in 2018 meaning that Sri Lanka's share of Africa, Americas, Europe, and Middle East tourists was 1.11, 1.23, 3.55 and 2.56 times greater than the share of these categories of outbound tourists in the entire group of countries in the table below. On another side, Sri Lanka's share of Asia and Pacific (0.41) tourists was smaller than the share of Asia and Pacific tourists in the region - and this includes Indian and Chinese tourists. As Asia is one of the fastest growing outbound markets, this can explain a part of the slower growth in international arrivals comparatively to the regional competitors.

Table 2 – Sri Lanka's Competitive Advantage Ratio

	Africa		Americas		Asia and Pacific		Europe		Middle East	
	2014	**2018**	**2014**	**2018**	**2014**	**2018**	**2014**	**2018**	**2014**	**2018**
Sri Lanka	**1.30**	**1.11**	**1.10**	**1.23**	**0.41**	**0.41**	**3.11**	**3.55**	**3.42**	**2.56**
Thailand	0.87	0.74	0.73	0.68	0.91	0.99	1.46	1.17	1.09	1.03
Indonesia	0.76	0.80	0.64	0.63	1.07	1.05	0.83	0.89	1.07	1.15
Maldives	0.89	1.50	0.59	0.80	0.63	0.49	2.60	3.31	1.66	2.44
India	5.63	5.84	4.02	4.10	0.35	0.36	2.22	2.36	3.03	3.18
Malaysia	0.52	0.64	0.25	0.25	1.25	1.22	0.29	0.30	0.61	0.72
Philippines	0.14	0.19	3.19	2.97	0.92	0.92	0.62	0.67	0.85	0.74
Vietnam	0.17	0.37	1.21	0.93	1.04	1.07	0.90	0.82	n.c	n.c

Source: Adapted from UNWTO

This analysis shows us how the volume of arrivals can influence the understanding of the competitiveness of a destination. Sri Lanka appears less competitive at the regional level based on the growth rate of international arrivals. But this perspective is mainly due to a weaker comparative advantage in regional markets (India, China) which are high growth markets (mass tourism markets) but also less inclined to responsible practices. The increase in market share in the European and American markets during the period 2014-2018 supports the idea of a strong attractiveness of Sri Lanka as a destination, but this is mainly in mid-range markets as shown by the level of average expenditure per visitor.