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# USAID INDO-PACIFIC OPPORTUNITY PROJECT (IPOP) – SRI LANKA TOURISM AND SUSTAINABILITY ACTIVITY

## DEVELOPMENT OF A SUSTAINABILITY FRAMEWORK FOR SRI LANKA'S TOURISM INDUSTRY

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## DEVELOPMENT OF A SUSTAINABILITY FRAMEWORK FOR SRI LANKA'S TOURISM INDUSTRY

An assessment of the environmental, socio-economic, and cultural impact of tourism in Sri Lanka, identifying opportunities to create sustainable approaches in the tourism industry.

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## LIST OF ACRONYMS

ADB	Asian Development Bank
ASMET	Association of Small and Medium Enterprises in Tourism Sri Lanka
BIOFIN	Biodiversity Finance Initiative
CB	Certification Body
CEA	Central Environmental Authority
CSR	Corporate Social Responsibility
CST	Certification for Sustainable Tourism
DWC	Department of Wildlife Conservation
EIS	Environment Information System
FDI	Foreign Direct Investment
GBC	Green Building Council
GDP	Gross Domestic Product
GHG	Green House Gases
GRI	Global Reporting Initiative
GoSL	Government of Sri Lanka
GSTC	Global Sustainable Tourism Council
ICT	Information and Communication Technology
INDC	Intended Nationally Determined Contribution
IPOP	USAID Indo-Pacific Opportunity Project
ISEAL	International Social and Environmental Accreditation and Labeling
ISO	International Organization for Standardization
IUCN	International Union for Conservation of Nature
KPI	Key Performance Indicator
LED	Light Emitting Diode
LEED	Leadership in Energy and Environmental Design
MDF	Market Development Facility
MoE	Ministry of Environment
MoT	Ministry of Tourism
MSME	Micro, Small and Medium Enterprises
NDC	Nationally Determined Contributions
NGO	Non-Governmental Organizations
NSTC	National Sustainable Tourism Certification
OECD	Organization for Economic Co-operation and Development
PSD	USAID Catalyze Private Sector Development Activity
PSDG	Provincial Sectoral Development Grant
RECP	Resource Efficient Cleaner Production
S4IG	Skills for Inclusive Growth
S&QA	Standards and Quality Assurance
SAARC	South Asian Association for Regional Cooperation
SAIL	USAID Supporting Accelerated Investment in Sri Lanka
SCBD	Secretariat of the Convention on Biological Diversity
SCP	Sustainable Consumption and Production
SDG	Sustainable Development Goal
SLAB	Sri Lanka Accreditation Board for Conformity Assessment
SLAITO	Sri Lanka Association of Inbound Tour Operators
SLCB	Sri Lanka Convention Bureau
SLITHM	Sri Lanka Institute of Tourism and Hotel Management
SLSI	Sri Lanka Standards Institutions
SLTA	Sri Lanka Tourism Alliance
SLTDA	Sri Lanka Tourism Development Authority

## LIST OF ACRONYMS (CONTD)

SLTPB	Sri Lanka Tourism Promotions Bureau
SME	Small and Medium Enterprises
STU	Sustainable Tourism Unit
TDL	Tourism Development Levy
THASL	The Hotels Association of Sri Lanka
TSP	Tourism Strategic Plan
UDA	Urban Development Authority
UN	United Nations
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
UNSDG	United Nations Sustainable Development Goals
UNWTO	United Nations World Tourism Organization
USAID	United States Agency for International Development
USGBC	United States Green Building Council
WSC	World Standards Cooperation
WTTC	World Travel and Tourism Council

## EXECUTIVE SUMMARY

The Sri Lanka Tourism Development Authority, (SLTDA), with the support of the USAID Indo-Pacific Opportunity Project, (IPOP), has developed a sustainability blueprint for Sri Lanka's tourism industry that will advance the nation's goals for lasting progress, in line with its commitments to meet the United Nations Sustainable Development Goals. This blueprint details the specific roles and responsibilities of supporting players in the tourism field. It is then narrowed down to a framework for SLTDA, as it is the direct driver of ensuring a sustainable tourism industry and plays a pivotal role in promoting sustainable practices within the industry.

To develop this sustainability framework, IPOP researched both local and global sustainability practices in tourism. This involved analyzing successful sustainability strategies, reviewing relevant laws and policies, and examining recognized sustainability standards around the world. From these insights, the report offers a sustainability blueprint specifically for Sri Lanka's tourism sector, along with a practical plan for its implementation. Given that tourism has been recognized as a key sector in the economic development of the country under the existing National Policy Framework (NPF), it is mandatory to have a pragmatic plan in place to ensure the industry is sustained amidst external economic shocks while preserving its natural assets and human capital.

The sustainability framework has been broadly structured around the four pillars of criteria developed by the Global Sustainable Tourism Council (GSTC), which are (A) Sustainable management, (B) Socioeconomic impacts, (C) Cultural impacts and (D) Environmental impacts. The GSTC is an international organization that establishes and manages global standards for sustainable travel and tourism. It was formed with the objective of developing a common language for sustainability in tourism. Hence, the sustainability framework IPOP has developed is guided by the GSTC criteria.

The pillars of the sustainability framework have been broadly split into 4 areas: Sustainable Management, Socio-Cultural Impacts, Environmental Impacts and Economic Impacts. This has slight variations to the GSTC criteria to reflect the local governance structure and for ease of management. Subject areas have been assigned to each pillar under a tiered approach indicating the level of importance in executing tasks within the broader governance landscape.

The report further provides a set of guidelines for the recently established SLTDA Sustainable Tourism Unit (STU) and is based on the sustainability framework developed for Sri Lanka tourism. Currently, it is centered on four main functions identified based on the research conducted of the present country situation. These are: 1) Research and Innovation 2) Planning, Development and Coordination 3) Certification, Screening, Promotion and Monitoring and 4) Capacity Building and Outreach

The framework is organized into sections, each outlining specific tasks and related performance indicators, crafted with SLTDA's resource constraints in mind. It serves as a roadmap for key areas of focus to attain sustainability goals with the support of pertinent stakeholders. To ensure the guidelines remain relevant and effective in the continuously evolving field of sustainability, a mechanism must be in place for regular review.

This report lists steps the STU can take right away to begin fulfilling its mission. Some of these actions are already ongoing through donor funded projects or are related to tasks that have already been implemented by SLTDA. Some of the key action items include the collection of data, establishment of the tourism plan and policy, developing reporting systems for Intended Nationally Determined Contributions (INDCs) and Sustainable Development Goals (SDGs), initiatives related to sustainability certification, and awareness creation within the industry on sustainable business practices.

## INTRODUCTION

As a member of the United Nations (UN), Sri Lanka endorsed and committed to the implementation of the 2030 Agenda for Sustainable Development in 2015. This Agenda sets out to achieve 17 Sustainable Development Goals (SDGs). The SDGs' focus reaches the economic, social, and environmental aspects of sustainable development with a set of indicators. Countries are responsible for identifying and monitoring the goals that are the highest priority for them.

The national commitment has been underscored through an Act of Parliament (No. 19 of 2017) called the Sri Lanka Sustainable Development Act and the subsequent establishment of the Sustainable Development Council. Thereby, all ministries and organizations under each ministry were requested to align their plans of action with the SDGs.

Further, by signing the Paris Agreement in 2017, Sri Lanka joined the journey of combatting climate change. Introducing adaptation measures in nine sectors and mitigatory measures in six sectors, the Ministry of Environment has developed the 'Intended Nationally Determined Contributions' (INDCs) to achieve and which are considered as the other side of the SDG coin. Tourism is one of the adaptation sectors for climate change resilient development.

Tourism is a multi-faceted, private sector driven industry which often uses sensitive resources such as tourist attractions and activity areas on land, on water, and in air. It is also identified as one of the most significant carbon emitting sectors in the world. Considering all these factors, the government will make it mandatory to develop strategic plans that align with the SDGs. Thus, the Sri Lanka Tourism Strategic Plan (TSP) 2017-2020, the current Strategic Plan for Sri Lanka Tourism 2022-2025 and the Draft National Policy on Tourism for Sri Lanka have focused on reaching the SDGs and it is considered that it should be a collective effort by all tourism-related government agencies and the private sector.

Moreover, global statistics indicate that over 70% of travelers demand sustainable best practices. They look for sustainably certified accommodation and service providers and are conscious of their carbon footprint when travelling. Therefore, sustainable tourism is now a necessity driven by the market. In 2021, more than 54% of people said that the green/environment/sustainability credentials of their holiday provider were important to them, a dramatic increase compared to 2011, where just 20% of people stated the same. Those saying they are prepared to pay more for a holiday with a company that has a better environmental and social record has doubled from 19% in 2011 to 38% in 2021.<sup>1</sup> People are seeking more experiential and meaningful travel post-pandemic and are looking to connect with their destination as opposed to just sightseeing.<sup>2</sup>

Currently, Sri Lanka has a number of public, private, and donor-led initiatives that seek to advance the sustainability agenda. To maximize the impact of these efforts, it is necessary to have a framework to understand the length and the breadth of the tourism sector's SDG achievement through various sustainability efforts. The framework will help SLTDA take a leadership role in sustainable tourism and align with other state agencies that contribute towards tourism.

The framework defines roles and responsibilities, directs efforts, and aligns interests to ensure that the SDGs are met by each sector and that it contributes to the national effort as a responsible sector in the country. It also ensures sector sustainability through sustainable development and monitoring and marketing efforts that are in line with global best practices.

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<sup>1</sup> The Travel Association (2022). *Travel in 2022*. The Travel Association, pp.1–8. Available at: <https://www.abta.com/sites/default/files/media/document/uploads/Travel%20in%202022%20FINAL.pdf> (Accessed 9 Jul. 2022).

<sup>2</sup> Im, J. (2021). *Predictions: 7 real travel trends that will happen in 2022*. Travelbinger.com. Available at: <https://travelbinger.com/predictions-7-real-travel-trends-that-will-happen-in-2022/> (Accessed 21 Nov. 2022).

The draft framework has already prompted SLTDA to take a leading role in developing public private partnerships for waste management in five key tourist areas. One of these, Sigiriya, launched its first waste management effort by way of a clean-up campaign conducted with private and public entities.

### **What is Sustainability?**

Sustainability is often defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs.

### **What is Sustainable Tourism?**

Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities.

### **What is a Framework?**

A “framework” is an overall structure underpinning a system or concept.

### **What is a Sustainability Framework?**

A sustainability framework is designed for governments to oversee and coordinate sustainability activities in the tourism industry and typically involves a set of guidelines, policies, and initiatives designed to promote sustainable practices and mitigate negative environmental, social, and economic impacts associated with tourism.



# **I. FORMULATION OF A SUSTAINABILITY FRAMEWORK FOR SRI LANKA TOURISM**

## **I.1 PURPOSE**

The purpose of this document is to outline the overall journey of tourism sustainability with development, monitoring and promotion efforts to reach Sustainable Development Goals (SDGs) that will ultimately make Sri Lanka a sustainable destination. The framework provides guidance to the tourism sector and sets out a governance structure and path for sustainable tourism in Sri Lanka to ensure that:

- 1) The country's unique and precious natural resources and cultural heritage are preserved;
- 2) The tourism industry benefits a broad range of Sri Lankan society /citizens;
- 3) The economic vitality of the industry is supported;
- 4) All key players and initiatives are managed and aligned towards sustainability; and
- 5) The country maintains its competitive advantage as a sustainable destination.

The recommendations in this document have been formulated in light of SLTDA's current resource limitations. This Framework should be reviewed and updated every two to three years or within a pre-agreed frequency to ensure that the STU's responsibilities are revisited and revised to account for changing circumstances and, hopefully, a greater availability of resources devoted to sustainability in the future.

## **I.2 GOAL OF A SUSTAINABILITY FRAMEWORK**

To provide structured guidance for Sri Lanka Tourism to work in coordination with relevant stakeholders to guide the industry toward a sustainable, inclusive and resilient tourism future.

## **I.3 OBJECTIVES**

- Contribute to the achievement of Sustainable Development Goals as a sector that facilitates economic development in Sri Lanka.
- Enable better communication and collaboration between interconnected sectors comprising state, private and other stakeholders while encouraging transparency and accountability.
- Enhance and promote the advantages of practicing sustainability within the tourism sector.
- Partnership development and initiation of monitoring of sustainability to ensure its continuation and positive impact on the industry, including management effectiveness tracking.
- Identification and facilitation of financial assistance and subsidies applicable to the tourism sector.

## **I.4 EXPECTED OUTPUT**

- Mapping of public sector stakeholders involved in ensuring tourism sustainability.
- Strategic approach and immediate action plan for the Sustainable Tourism Unit.
- Establishment of a system to facilitate private sector development and promotion of sustainable initiatives while monitoring and recognizing their efforts.

## **I.5 EXPECTED OUTCOMES**

To develop a sustainability framework that will act as an instrument to inform the actions and decisions of the state regulator and related institutions that will become attraction management agencies, infrastructure development agencies and other regulatory agencies combined with the contribution of the private sector on building a sustainable tourism industry in Sri Lanka.

This will further facilitate an upward information flow on sustainability reporting regarding SDGs and INDCs, as well as statistics for ecosystem accounting.

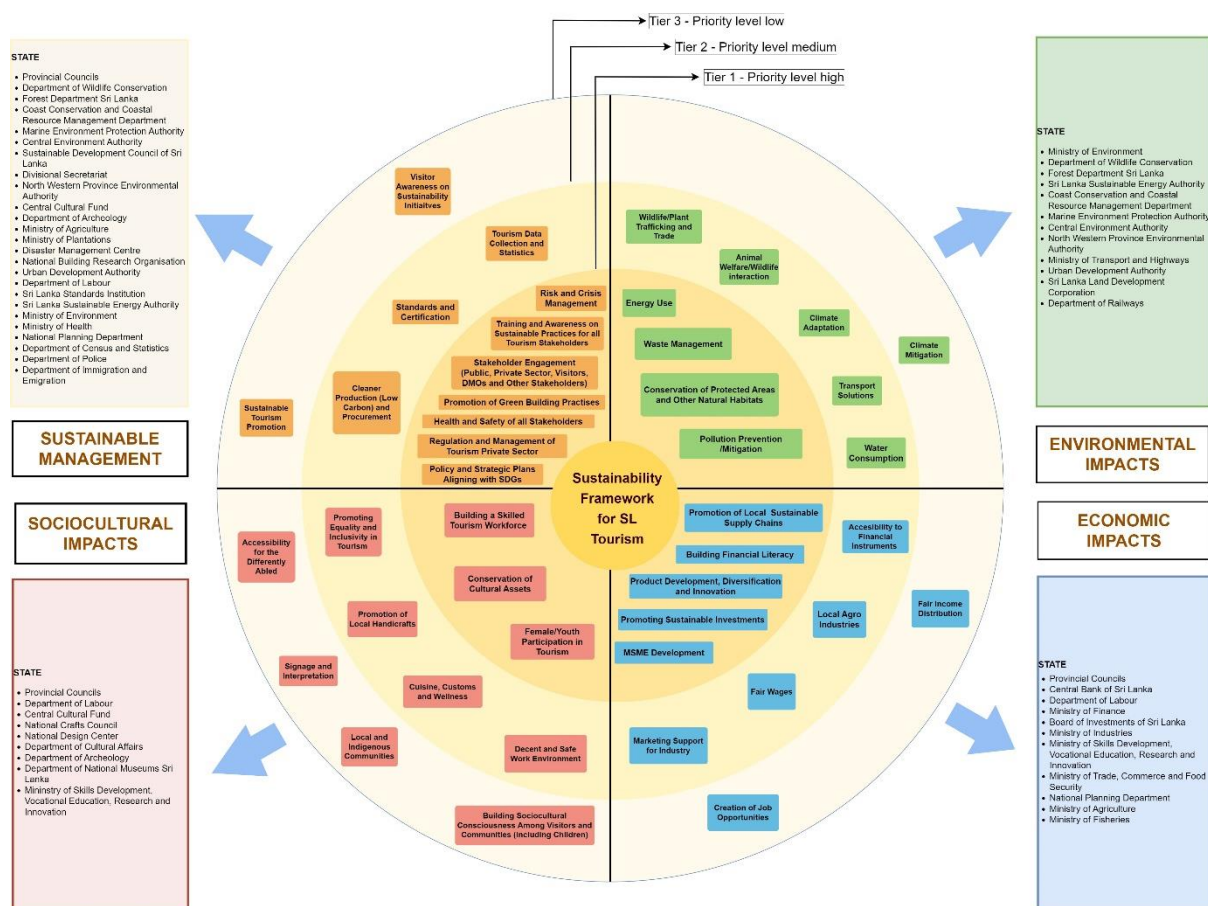
## 2. CONSTITUENTS OF THE SUSTAINABILITY FRAMEWORK

### 2.1 PILLARS OF SUSTAINABILITY

A framework for Sri Lanka's tourism industry can be organized into four main pillars: Sustainable Management, Sociocultural Impacts, Environmental Impacts, and Economic Impacts based on the Global Sustainable Tourism Council's (GSTC) criteria classification. These pillars are shown in the four quadrants of Figure I below, a larger version of which is included as Annex I.

- Sustainable Management refers to the governance of the tourism sector based on sustainability principles. It encompasses the formulation of a sustainable strategy and the management of an organization in a sustainable manner.
- Sociocultural Impacts addresses the effects of tourism on the communities and culture. Workforce development, inclusivity, and conservation of tangible and intangible cultural assets are key areas under this pillar.
- Environmental Impacts considers the impact that the tourism industry and its associated infrastructure has on the environment. This includes the pollution and misuse of air, water, soil and natural ecosystems.
- Economic Impacts covers the generation of revenue and funding that is required to run the industry in a sustainable manner. Improving the tourism product portfolio, supply chains and the way of doing business are all key elements of this.

**Figure I: Proposed Sustainability Framework for Sri Lanka Tourism**



Each pillar of the proposed framework can be broken down into subject areas that are relevant in ensuring sustainability. A subject area broadly captures the relevant themes that drive each of the identified pillars.

Subject areas grouped under the framework are governed by a variety of ministries and/or other state institutions. Some subject areas may have more than one responsible government institution. Many policies, plans and activities stemming from these subject areas contribute to ensuring sustainability in the tourism industry. Most of the subject areas under the sustainable management quadrant in Figure 1 come under Sri Lanka tourism related institutions (SLTDA, SLTPB, SLCB and SLITHM) which fall under the Ministry of Tourism, and the provincial tourism governing bodies whereas everything else comes under the purview of other related government entities.

Subject areas are given a priority level: Tier 1 - high priority, Tier 2 – medium priority, and Tier 3 – low priority. Priority levels have been assigned based on a subjective determination of what Sri Lanka needs right now and considers factors such as the importance to the country, relevance under the current context, and feasibility of implementation. These priority levels should and must change as the country progresses in its journey toward being a sustainable destination.

Tier 1 priority items include those things that need immediate attention, such as sound policy and strategic plans that steer the industry towards sustainability, sustainability certification programs, and health, safety and crisis management. Accomplishment of Tier 1 priorities will create an enabling environment that will allow the industry to reach sustainability goals.

- Under the environment pillar, Tier 1 prioritizes conservation, waste management, pollution prevention, and energy use. All are necessary for the country to remain a desirable destination.
- Tourism's future also relies heavily on sociocultural subject areas including workforce development, increased female participation in the sector, and the conservation of cultural assets.
- Focus on product diversification, improving local sustainable supply chains, promoting sustainable investments, and building financial literacy given the many shocks that the industry has faced are priority areas that will enable a robust business environment under the economic pillar.

Tier 2 subject areas should be addressed after attending to the high priority areas. Initiatives may already be underway in some of these subject areas. While some of these issues like fair wages, water consumption, providing opportunities for local cultural elements, sustainable transport solutions, data and statistics are important, they have been classified under Tier 2 because they may fall in line when Tier 1 matters are addressed. Given the current resource limitations faced by government institutions, it will not be practical for SLTDA and other agencies to focus on a myriad of issues all at the same time.

Tier 3 broadly includes visitor engagement, inclusivity, job opportunities, sustainable tourism promotion and climate action. These areas are important to becoming a model sustainable destination, but do not involve the level of impact or threat involved in the other two tiers. Moreover, areas such as climate action may be partially addressed within the first two tiers, requiring less action as a stand-alone issue. Once the Tier 3 level is reached, it can be considered that the industry has reached a high level of sustainability.

To ensure alignment with national policies and priorities, individual plans should be developed for each subject area within the framework. SLTDA will lead the subject areas under its purview while also supporting the other areas outlined in the framework. SLTDA's Sustainable Tourism Unit (STU) should drive and coordinate these efforts to holistically connect all related stakeholders. Such arrangements could be in the form of steering committees for specific tasks or management committees based on subject areas to broadly oversee matters related to a particular subject.

## 2.2 STAKEHOLDERS FOR SUSTAINABILITY

The framework also identifies relevant stakeholders from the public sector, which are listed in the external rectangles of Figure 1. These stakeholders can be classified into:

- 1) Infrastructure supporting agencies – government entities that support the development of infrastructure that is required for tourism;
- 2) Attraction management agencies – government entities that have the mandate to manage natural and cultural attractions;
- 3) Related regulatory agencies – government entities that are in charge of regulating operational functions related to tourism that ensure sustainability; and
- 4) Indirectly connected agencies – government entities that play an indirect role in ensuring the smooth flow of tourism functions.

The private sector, civil society, international organizations, and academia are also key stakeholders in the drive toward sustainability. Private sector stakeholders are not depicted in Figure 1 because there are too many to mention, but their importance to sustainable tourism cannot be overstated.

In the tables below, the level of importance and engagement each organization has with Sri Lanka tourism is indicated by the number of check marks, where more than one denotes strong relevance.

In the table attached to this document as Annex 1, the level of importance and engagement each organization has with Sri Lanka tourism is indicated by the number of check marks, where more than one check mark denotes strong relevance.

## 3. DRIVER OF THE SUSTAINABILITY FRAMEWORK

### 3.1 SUSTAINABLE TOURISM UNIT (STU)

The Sustainable Tourism Unit (STU) is the focal point and driving force of the sustainable tourism agenda of Sri Lanka and the sole representation for Sri Lanka tourism in all matters related to sustainability. It is housed within the SLTDA, and it connects all state and non-state stakeholders in driving the framework forward as a nation.

As the STU progresses forward, it will be staffed with experts in sustainability and tourism. It is also important for the STU to have its own organizational structure and funding mechanism. It will be responsible for developing an operational document that outlines its goals, activities, timeline, outcomes, key performance indicators and targets for directing Sri Lankan tourism towards sustainability. This document lays the groundwork for the STU's organizational plan.

The STU is currently funded through a partnership between SLTDA and UNDP. It is in the process of implementing the Green Destinations-Good Travel certification program for micro businesses in the tourism industry. The STU is the contact point for sustainability certification support for the industry and provides guidance to businesses who are trying to assess and establish their own sustainability initiatives

#### **Vision of the STU**

Establish Sri Lanka as a sustainable tourism destination considering the global trend towards green growth.

#### **Mission of the STU**

Drive sustainability across all areas of tourism considering Sri Lanka's natural, cultural and heritage resources through multi-stakeholder collaboration and effective monitoring and reporting.

### 3.2 OBJECTIVES OF THE SUSTAINABLE TOURISM UNIT (STU)

- Absorb and distribute knowledge and experience from outside Sri Lanka to inspire local innovation.
- Connect government agencies that have a role to play in sustainable tourism.
- Provide guidance, motivation and standardization for the benefit of the private sector and in the interest of consumers.
- Collaborate with interconnected and interdependent public and private entities to lead the country toward a sustainable tourism industry.

### 3.3 PROPOSED ROLES AND RESPONSIBILITIES OF THE SUSTAINABLE TOURISM UNIT

The Tourism Act, No. 38 of 2005, gives SLTDA authority over a broad variety of activities related to the tourism industry. These include:

- Acting as the Government’s agent for business related to the tourism industry;
- Prescribing, regulating, maintaining and enforcing standards for the tourism industry;
- Promoting the improvement of facilities for tourists;
- Developing Sri Lanka as a tourism destination;
- Engaging consultants;
- Liaising with Provincial authorities regarding the tourism industry;
- Keeping the industry advised of developments in the field of tourism; and
- Engaging in other actions necessary to the performance of its duties under the Act.

These broad authorities give the STU the ability – and even the duty – to take on the roles and responsibilities outlined in this Framework. As such, the STU can exert authority and function in the same capacity as any other department within SLTDA reporting directly to the DG/CEO. In addition to the establishment of the NSTC program (Board resolution no: 09/42/2018) and the Sigiriya destination certification program (Board resolution no: 2022/09/14), the Board of SLTDA has specifically granted approval to carry out duties in relation to achieving a sustainable tourism industry, together with internal and external entities to SLTDA. The STU has also been granted permission to allocate necessary staff and utilize appropriate funds as available to accomplish its objectives.

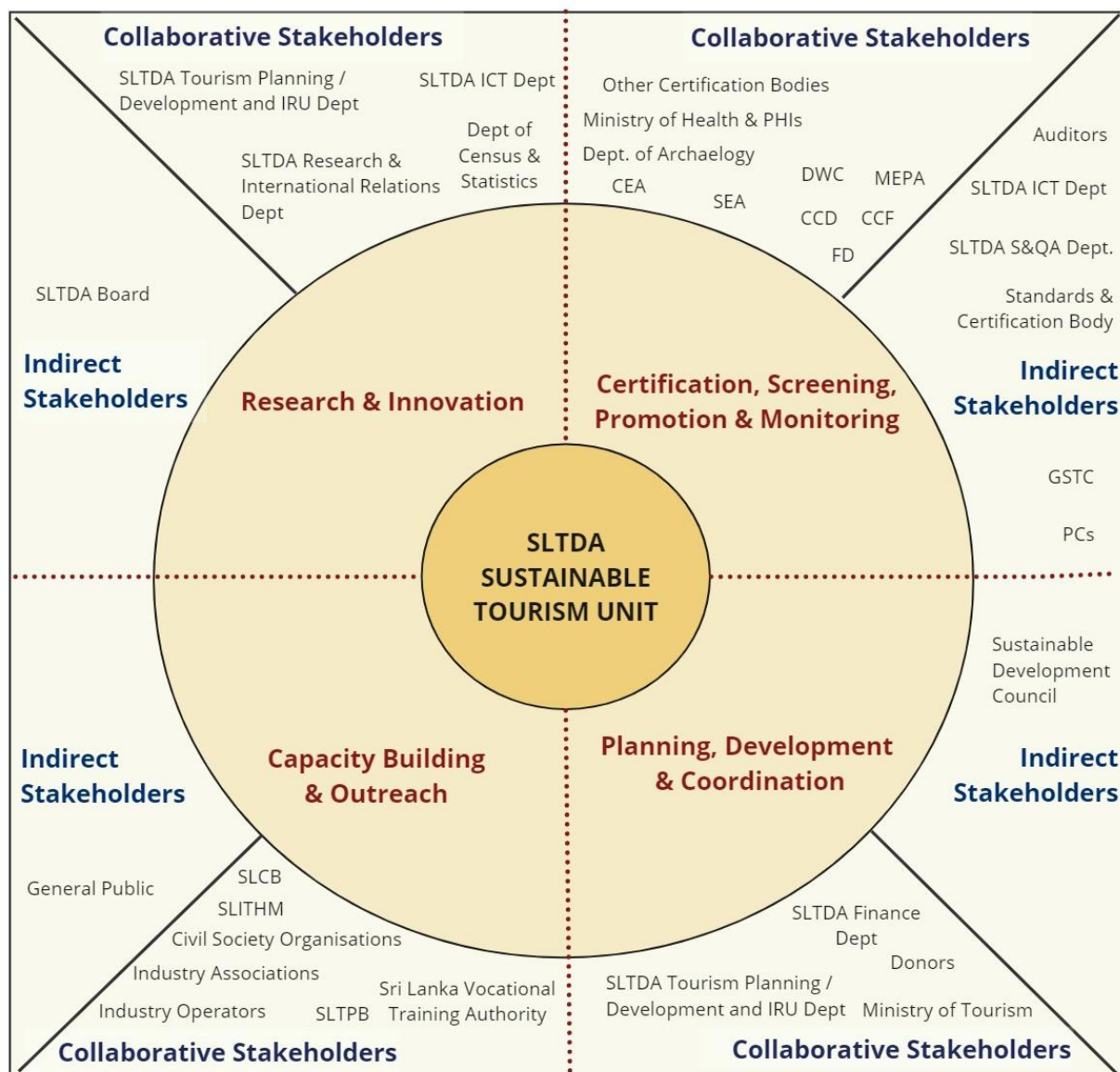
The primary function of the Sustainability Tourism Unit is to promote and improve sustainability in tourism. This involves working closely with both government and private sector organizations involved in the tourism industry. Figure 2 illustrates the core responsibilities of the STU, divided into four main components, each with specific tasks. Also, the diagram includes a list of collaborative stakeholders, referring to the agencies the STU will need to cooperate with to fulfill its responsibilities. There are also indirect stakeholders mentioned who may not have a direct role but could still be involved in the process.

These four main components will be formed as departments within the STU and may be subject to review and change as the work progresses and evolves.

SLTDA has submitted a Board paper to propose transforming the STU into the “Sustainable Tourism Council” which would be an independent body under the purview of SLTDA. This was submitted on June 23, 2023, via Board Paper no. 2023 / 06 / AOB / 14 and Minute no. 2023 / 06 / 22. A Sustainable Tourism Council would have similar responsibilities to the STU, but the staffing and manner of operations would differ.



**Figure 2: Proposed SLTDA Sustainable Tourism Unit Operational Framework**



## DEPARTMENT I: RESEARCH AND INNOVATION

The Research and Innovation department will include collection and maintenance of data on sustainable tourism and the development of new tourism products under the proposed sustainable tourism policies and strategies.

### Tasks under Research and Innovation

- 1.1 Establish baseline data and continuously gather data on industry sustainability initiatives.
  - Collaborate with regional tourism authorities to establish a mechanism for collecting baseline data.
  - Conduct analysis and generate reports based on the collected data and share the findings with relevant stakeholders and programs.
- 1.2 Assist in developing new tourism products to ensure sustainability and responsible marketing.
  - Facilitate and coordinate individual researchers and research organizations to promote innovation, invention and new knowledge for the benefit of the Sri Lankan tourism industry.

#### Key Performance Indicators

- Improved questionnaires for regular surveys of the industry.
- Data collection plan and survey schedule.
- Partnerships with related research organizations.
- New tourism products developed.

### **DEPARTMENT 2: PLANNING, DEVELOPMENT AND COORDINATION**

The Planning, Development and Coordination department will be responsible for assisting in the mainstreaming of sustainability in SLTDA's strategy and policies. Coordination between other government agencies, donor organizations and the private sector will also come under the purview of this department.

#### **Tasks under Sustainability Planning and Development**

##### 2.1 Sustainability planning and development

- Develop policies and strategies to promote sustainable tourism at the national level.
- Develop priority-based management and operational plans for the Sustainable Tourism Unit.
- Offer guidance and suggest policies to prevent excessive crowds in national parks and archaeological sites.
- Offer guidance on incorporating sustainability standards and environmental, social, and corporate governance (ESG) principles into new tourism developments from their inception.
- Provide guidance for the organized growth of the domestic tourism sector.
- Develop close relations with the Sustainable Development Council to ensure the use of sustainable energy, management of water supply, and wastewater and solid waste management align with sustainable guidelines.
- Continuously update the SDG and INDC reporting drafts for the Sustainable Development Council (SDC) and the Climate Change Secretariat. (The SDC and the Climate Change Secretariat regularly produce progress review reports and rely on information from various government agencies. It will be the responsibility of the STU to provide this information.)
- Provide necessary data on the System of Environmental-Economic Accounting (SEEA) practiced at the state level.

##### 2.2 Third-party communication (donors, government agencies, etc.)

- Maintain ongoing collaboration with donors engaged in tourism sustainability.
- Offer recommendations and ensure consistent coordination with government entities involved in tourism and wider sustainable initiatives.
- Maintain regular communication through multiple channels with the private sector.

#### Key Performance Indicators

- Set benchmarks to achieve the 2030 Agenda for sustainable development.
- Develop a multi-stakeholder workplan and reporting system.
- Develop reporting templates for SDGs, INDCs and SEEA.
- Develop plans for key tourism sites and attractions on an ongoing priority basis.
- Number of communications with private sector.

## **DEPARTMENT 3: CERTIFICATION, SCREENING, PROMOTION AND MONITORING**

The Certification, Screening, Promotion and Monitoring department will coordinate sustainability certification programs, monitor sustainable service providers, and screen tourism events, initiatives, etc. for sustainable interventions. It will further assist sustainability promotional activities that will be targeted at consumers and the industry. This department may need to coordinate with relevant agencies and other departments of SLTDA to carry out its tasks.

### **Tasks under Certification, Screening, Promotion and Monitoring**

3.1 Managing the National Sustainability Certification (NSTC) scheme or any other selected certification scheme for accommodation and industry service providers such as tour operators and the Meetings, Incentives, Conventions, and Events (MICE) sector.

- Oversee the partnership with the chosen certification body.
- Formulate criteria for the selection and management of certification entities and audit procedures.
- Develop the NSTC in line with international certification criteria and standards for sustainable certification.
- Manage a database of tourism establishments that have received some form of sustainable tourism certification.
- Develop an incentive framework for entities obtaining sustainability certification.
- Establish a mechanism to grant national certification to those who have already obtained globally recognized certification.
- Supervise the online portal (under development with support of Solidaridad) responsible for recording industry sustainability journeys and sustainability educational materials.
- Regularly review and update the national certification program.
- Maintain a publicly accessible database of sustainable suppliers, service providers and resources categorized by district.
- Evaluate the quality and suitability of existing tourism sustainability certification programs.

3.2 Managing the Sustainable Destinations program

- Oversee the partnership with the designated certification body.
- Maintain strong communication with provincial tourism bodies and other government agencies accountable for destination management.
- Manage a database containing certified destinations.
- Conduct periodic evaluations and updates of the national destination certification program.
- Expand the national sustainable destination program to include designated tourism zones.
- Create a mechanism to incorporate wayside vendors and small boutique businesses operating within a destination through the destination certification scheme or alternative tools.
- Create a mechanism to regulate and monitor tourism experience providers and suppliers within a destination.

3.3 Sustainability screening and monitoring for projects and events conducted and endorsed by Sri Lanka Tourism

- Ensure the adoption of sustainability standards by government tourism ventures and projects.
- Evaluate and offer recommendations on the sustainability of events endorsed by Sri Lanka Tourism.
- Monitor the efficacy of sustainability programs implemented by Sri Lanka tourism agencies.

3.4 Promote sustainable activities

- Liaise with the Sri Lanka Tourism Promotions Bureau (SLTPB) in promoting sustainably certified business entities.

- Work closely with SLTPB to promote Sri Lanka as a sustainable destination.

#### Key Performance Indicators

- Number of businesses that are practicing sustainability at various levels in the industry.
- Number of sustainable suppliers, service providers and resources.
- Introduction of an incentive scheme for businesses engaged in sustainability initiatives.
- Formulation of a management plan inclusive of key targets for the advancement of the National Certification Scheme.

### **DEPARTMENT 4: CAPACITY BUILDING AND OUTREACH**

The Capacity Building and Outreach department focuses on building the capacity of all tourism stakeholders on sustainability. The personnel under this department will be working closely with SLITHM, academia and other training institutions to develop curricula and courses/training sessions related to sustainable tourism.

#### **Tasks under Capacity Building and Outreach**

##### 4.1 Conduct training and awareness sessions on sustainability

- Create training materials and deliver training programs focused on sustainable tourism and certification for tourism stakeholders subsequent to a needs analysis.
- Offer insights and input to the development of course materials on sustainable tourism in collaboration with universities and SLITHM.

##### 4.2 Promote sustainability for relevant stakeholders

- Provide targeted educational programs on sustainability, marketing, and partnerships tailored for regional tourism business associations and individuals.
- Collaborate with SLTPB to extensively promote Sri Lanka's commitment to sustainability and showcase its accomplishments to both international and domestic visitors.
- Ensure widespread awareness of the work conducted by the STU within the Government of Sri Lanka (GoSL) and among the general public.
- Liaise with the Ministry of Education on educating school children on sustainability.

#### Key Performance Indicators

- Develop a national campaign to induce attitude change on sustainable tourism.
- Training material on sustainability developed according to an agreed curriculum plan for all targeted audiences.

## **4. ADMINISTRATION AND RESOURCE ALLOCATION FOR THE STU**

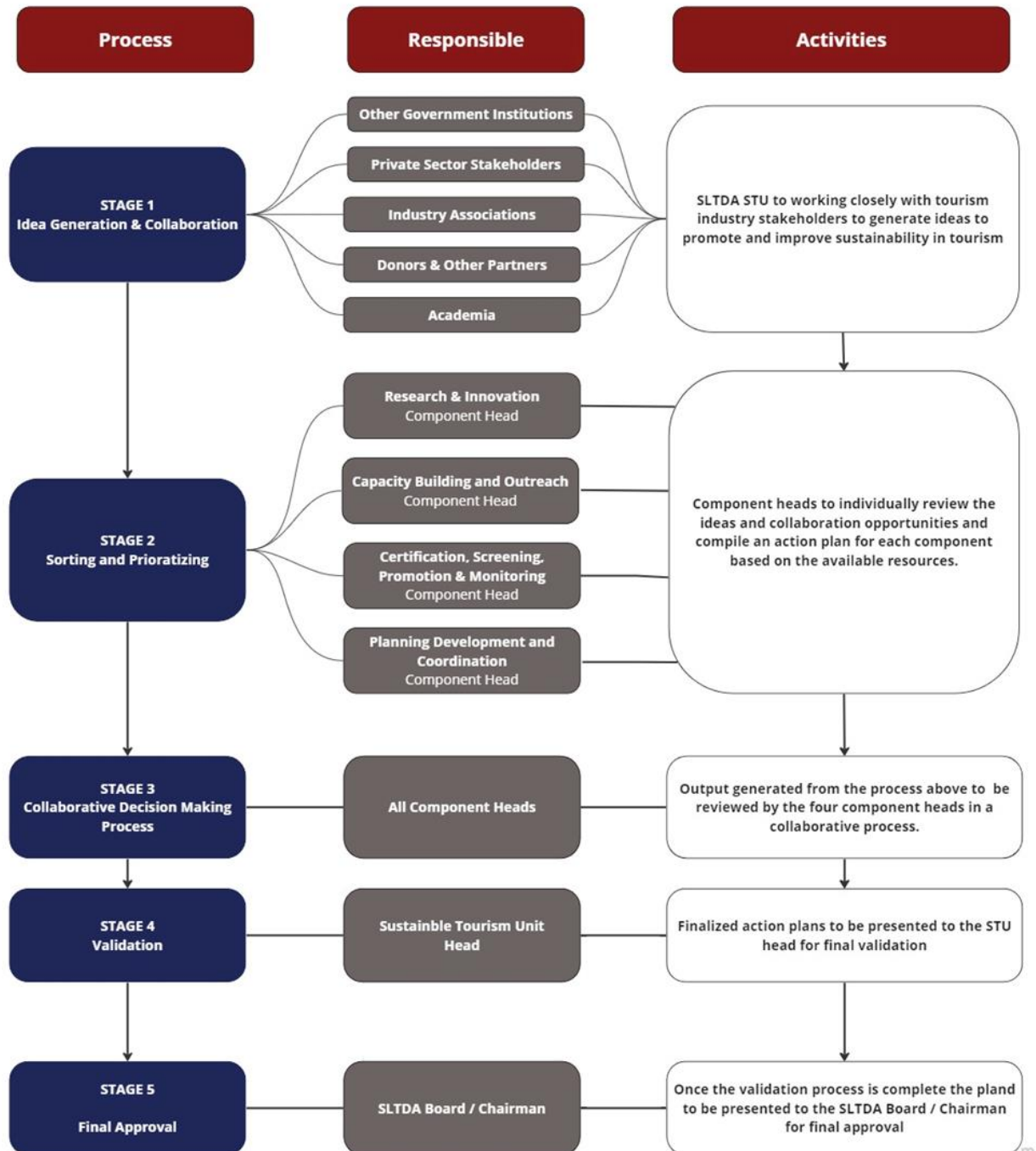
### **4.1 HIERARCHY OF THE STU AND HUMAN RESOURCE REQUIREMENTS**

The STU will function as a unit responsible for all sustainability initiatives in the tourism sector headed by an appointed professional/officer under the guidance of the Chairman and the Director General / Deputy Director General. The head of the STU will be an officer at Department head level or above with sound education and experience in sustainability, reporting to the Chairman/DG/DDG. There will be four officers devoted full time to the STU who will directly handle one department each. Each output delivered by the respective department will be reviewed by the four department heads and will be submitted to the Head of the STU upon their consensus. This entire team will be supported by graduate interns. A representative from each of the key departments of SLTDA will support the STU on an as-needed basis as represented in Figure 4. Moving forward, independent researchers,

professionals and the private sector will assist in defining the essential cadre of the STU and as per Figure 2, international consultants can also be hired to guide and assist with specific activities.

Figure 3 depicts the approval process and flow within the STU and the responsible personnel for the corresponding activities.

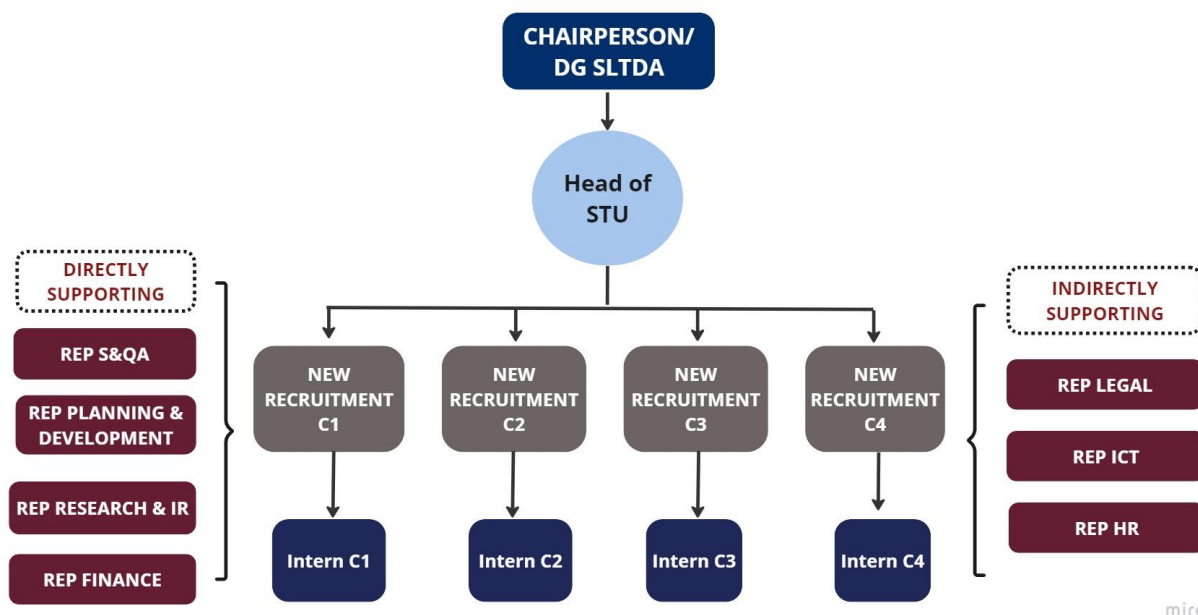
**Figure 3: Process flow within STU**





Currently, as shown in Figure 4, two of the four new recruitment positions are supported by UNDP. New personnel will need to be added to the STU's cadre once the UNDP's period of engagement ends. It is recommended that all required personnel be financed by SLTDA and be considered permanent cadre under SLTDA. The interns can be recruited through SLTDA's normal intern recruitment process. Over time, it will be ideal to have additional staff who can be dedicated to each department.

**Figure 4: Proposed STU Organizational Chart**



## 4.2 FINANCING

As previously described, the STU was established with funds received from UNDP, which also supported two positions that carried out some of the initial duties entrusted to the unit. SLTDA must now identify alternate funding sources to sustain the STU. Some of the proposals are as follows:

### 1. Collection of fees

After the initial grant programs for sustainability certification, a reasonable fee could be charged by SLTDA for every certification granted to MSMEs. This must be negotiated with the certification bodies that are currently working with SLTDA and those which are being proposed to work with them in the future.

### 2. Funds allocated via SLTDA

An arrangement to be made to allocate a portion of SLTDA's Tourism Development Levy (TDL) income to maintaining the STU in its current form. SLTDA should obtain a set funding allocation from its annual budget.

### 3. Donor funds

In the short term, the STU can seek donor support and apply for grants to help support its human resource requirements and other proposed activities mentioned above. Doing so will provide the necessary kick-start and lay a solid foundation for the unit to function until it achieves self-sufficiency. Currently, various donors such as USAID, MDF, and S4IG are supporting SLTDA in making the industry sustainable by providing temporary assistance. However, it's important to emphasize that the STU must have a plan to ensure continuity of such efforts using its own funds.

#### 4. Public Private Partnerships (PPPs)

Exploring opportunities to collaborate with the private sector could be a way to generate funds and conduct impactful initiatives to increase sustainability of the sector. The STU can take the lead in coordinating and driving such projects.

## CONCLUSION AND WAY FORWARD

The sustainability framework led by the STU within the SLTDA will be an instrument that will facilitate coordination and regular monitoring and improvement among all stakeholders to ensure tourism remains sustainable. All four Sri Lanka tourism agencies, the Ministry of Tourism and the Sustainable Development Council played a part in drafting this framework, as did the private sector. A series of awareness sessions will have to take place to introduce this framework to a broader base of public and private sector stakeholders, industry associations and the donor community.

Considering the current context of the country and SLTDA's capacity, a set of immediate, short-term activities has been drawn up to kick start the implementation of the framework. Based on the guidelines above, as well as the ongoing donor funded activities and currently available resources, the STU can undertake a number of activities immediately. These actions will help pave the way to carry out the sustainability framework and support the tasks of the Sustainable Tourism Unit. These are listed under the respective departments.

It is important to note that the following suggested activities will not become a true Action Plan until the STU takes full ownership of it and sets specific targets for achieving each goal.

### Research and Innovation

- Collaborate with the Standards and Quality Assurance (S&QA) department to gather data on applicants' sustainability activities and certifications through the registration process.
- Conduct a survey of registered tourism businesses to collect data regarding their sustainability initiatives and actions.
- Develop partnerships with universities for identified research priorities.

### Planning, Development and Coordination for Sustainability

- Create an operational plan and establish an organizational structure for the STU.
- Collaborate closely with other departments within the Ministry of Tourism, the Sustainable Development Council, and other Sri Lankan tourism institutions to identify relevant Sustainable Development Goals (SDGs) for the tourism sector, along with suitable indicators.
- Seek approval for the draft National Tourism Policy.
- Facilitate discussions and execute the necessary steps to update the Tourism Strategic Plan.
- Collaborate with the S&QA department to ensure that new registration categories incorporate sustainability principles.
- Develop a reporting system for INDCs and national audit on sustainable initiatives.
- Improve the existing vendor directory to create a comprehensive list of sustainable suppliers.
- Create private and government sector working groups as per GSTC pillars to address identified challenges and suggest solutions.

### Certification, Screening, Promotion and Monitoring

- Review grant applications and select grant recipients for Green Destinations certification grant programs.
- Develop an incentive scheme to encourage business registration at SLTDA, as well as to encourage the obtaining of the national sustainability certification.
- Continue to work with Solidaridad to develop an online database to record sustainability data collected as part of the sustainability survey.
- Liaise with SLTPB to promote the NSTC certified properties.
- Update SLTDA's webpage on sustainability to offer a resource center for sustainable tourism.

### Capacity Building and Outreach

- Develop outreach material on sustainability.
- Organize regional outreach programs to educate MSMEs on basic sustainability principles.
- Compile sustainable supply chain directories.
- Develop "sustainability starter kits" for MSMEs to start on their sustainability journey.

- Facilitate an agreement between SLTDA, the Sri Lanka Institute of Architects and the Green Building Council to promote green design and building practices within the tourism industry.
- Disseminate the sustainability impact assessment of the tourism industry and outreach material produced by USAID IPOP to encourage MSMEs to be more sustainable.

It is recommended that immediate actions as well as the other tasks and performance indicators mentioned in this document must be revised within a pre-agreed time frame considering the situation around resource availability, progress made thus far and international trends. Therefore, it is prudent to regard the sustainability framework as an evolving document. It is envisaged that concepts such as ecosystem accounting and climate financing will play a key role in the future where the STU will need to be the major driving force from the tourism sector. It is expected that the entire tourism sector would transform into a regenerative model with the guidance of the sustainable tourism framework which will evolve as the industry progresses beyond being just sustainable.

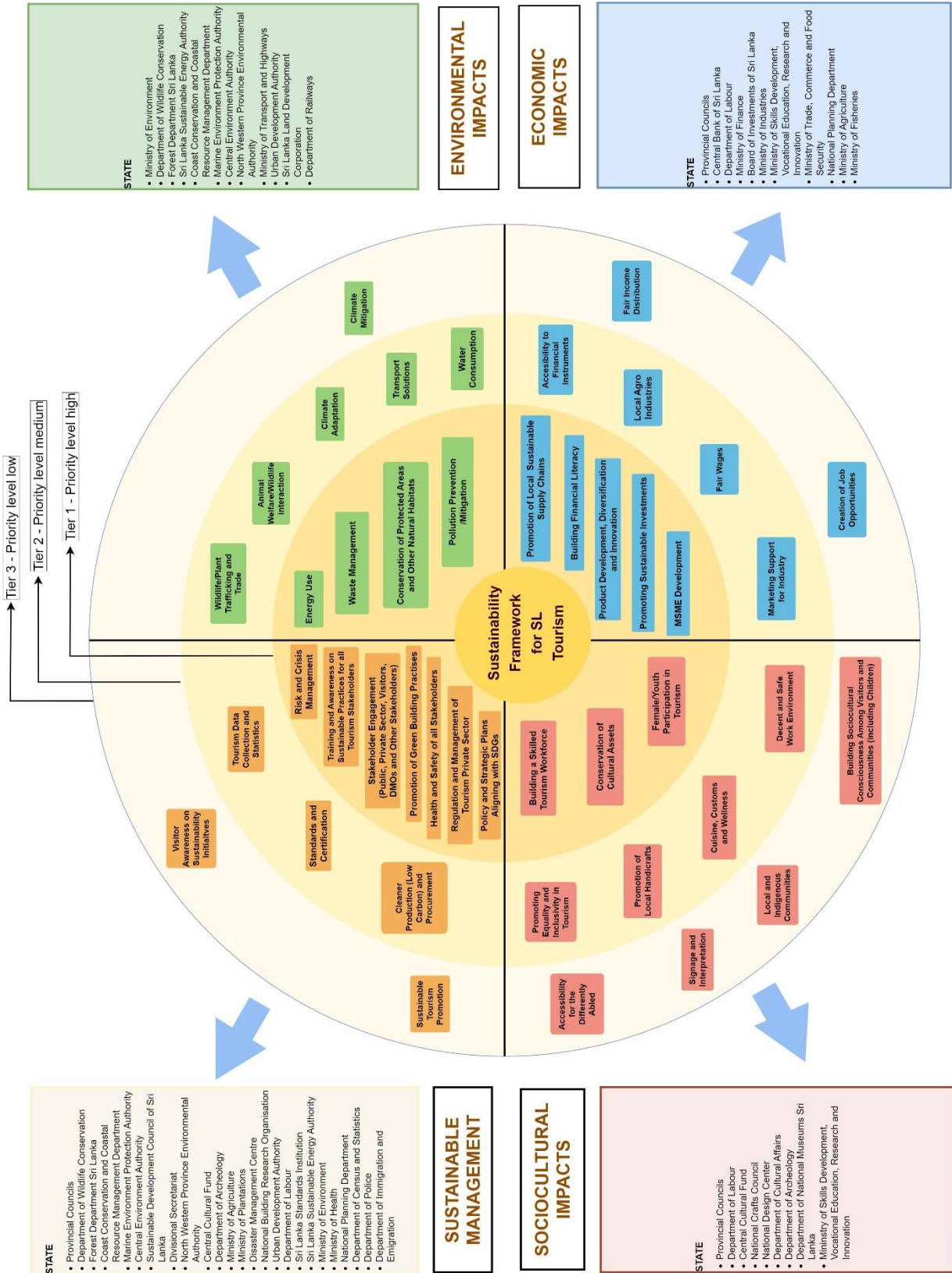
To be able to accomplish the actions suggested in the framework, the STU must be equipped with adequate resources. Additionally, there are several immediate organizational development steps the STU should take to ensure its continuity. Action plans must be developed to achieve selected action items by the STU with targeted and measurable impacts.

#### **Immediate Actions to Ensure Sustainability of the Sustainable Tourism Unit**

- Appoint a full time Director to oversee the STU.
- Seek Board action to appropriately staff the STU, while also identifying grant opportunities to fulfill human resource requirements and specific activities.
- Develop short-term, medium-term and long-term actions plans with specific targets and goals.
- Make the existing SLTDA staff aware of the functions of the STU so they can contribute to its functions and collaborate in their initiatives.
- Develop partnerships with the private sector and volunteers to contribute to areas shown in Figure 2.
- Prepare a proposal to devote a percentage of the TDL exclusively for the sustainability initiatives taken under the STU.

# ANNEXES

## Annex I – Sustainability Framework





## Annex 2 – State Stakeholder Mapping

**Table 1: Public stakeholders in sustainable management**

<u>Public Stakeholders in Sustainable Management</u>				
Name of Institution	Attraction Management Agency	Infrastructure Development & Supporting Agency	Regulatory Agency	Indirectly Connected Agencies
Provincial Councils		✓	✓✓	
Department of Wildlife Conservation	✓✓		✓✓	
Forest Department Sri Lanka	✓✓		✓✓	
Coast Conservation and Coastal Resource Management Department			✓✓	
Marine Environment Protection Authority			✓	
Central Environment Authority	✓		✓✓	
Sustainable Development Council of Sri Lanka				✓
Divisional Secretariat			✓	
Northwestern Province Environmental Authority			✓	
Central Cultural Fund	✓✓	✓✓		
Department of Archaeology	✓✓		✓✓	
Ministry of Agriculture				✓
Ministry of Plantations				✓
Disaster Management Centre				✓
National Building Research Organisation				✓
Urban Development Authority		✓✓		
Department of Labour				✓
Sri Lanka Standards Institution				✓
Sri Lanka Sustainable Energy Authority				✓
Ministry of Environment			✓✓	
Ministry of Health				✓
National Planning Department				✓
Department of Census and Statistics				✓

**Table 2: Public stakeholders for environmental impacts**

Public Stakeholders for Environmental Impacts				
Name of Institution	Attraction Management Agency	Infrastructure Development & Supporting Agency	Regulatory Agency	Indirectly Connected Agencies
Ministry of Environment			✓✓	
Department of Wildlife Conservation	✓✓		✓✓	
Forest Department Sri Lanka	✓✓		✓✓	
Sri Lanka Sustainable Energy Authority				✓
Coast Conservation and Coastal Resource Management Department			✓✓	
Marine Environment Protection Authority			✓	
Central Environment Authority	✓		✓✓	
Northwestern Province Environmental Authority			✓	
Ministry of Transport and Highways		✓		
Urban Development Authority		✓✓		
Sri Lanka Land Development Corporation		✓✓		
Department of Railways		✓		

**Table 3: Public stakeholders for cultural impacts**

Public Stakeholders for Cultural Impacts				
Name of Institution	Attraction Management Agency	Infrastructure Development & Supporting Agency	Regulatory Agency	Indirectly Connected Agencies
Provincial Councils		✓✓	✓✓	
Department of Labour				✓
Central Cultural Fund	✓✓	✓✓		
National Crafts Council	✓✓			
National Design Centre				✓
Department of Cultural Affairs			✓	
Department of Archaeology	✓✓		✓✓	
Department of National Museums Sri Lanka	✓✓			
Ministry of Skills Development, Vocational Education, Research and Innovation				✓

**Table 4: Public stakeholders for economic impacts**

Public Stakeholders for Economic Impacts				
Name of Institution	Attraction Management Agency	Infrastructure Development & Supporting Agency	Regulatory Agency	Indirectly Connected Agencies
Provincial Councils		✓✓	✓✓	
Central Bank of Sri Lanka			✓✓	✓
Department of Labour				✓
Ministry of Finance				✓
Board of Investments of Sri Lanka			✓✓	
Ministry of Industries				✓
Ministry of Skills Development, Vocational Education, Research and Innovation				✓✓
Ministry of Trade, Commerce and Food Security				✓✓
National Planning Department				✓✓
Ministry of Agriculture				✓
Ministry of Fisheries				✓