



**Country/Region/Global: Sri Lanka
Initiation Plan (IP)**

Project Title: Strategic support to post-COVID tourism revival and transformation in Sri Lanka
Expected UNDAF/CP Outcome(s): UNDAF Outcome 4/CPD Outcome 2
Expected CPD Output(s): CPD Output 2.2
Initiation Plan Start/End Dates: 01 July 2020– 31 December 2021
Implementing Partner: UNDP Sri Lanka

Brief Description

The overall objective of this Initiation Plan is to assist the Government of Sri Lanka to revive the tourism sector and help future sector transformation. To achieve this objective, UNDP aims to support the Ministry of Tourism (MoT) and Sri Lanka Tourism Development Authority (SLTDA) to develop the Roadmap and the Tourism Strategic Plan (TSP) (2021-2024) for tourism sector recovery and resilience, strengthen the institutional capacity to implement the TSP, and support provincial level pilot testing. UNDP will also support to formulate a joint programme (JP) to operationalize the Roadmap and the TSP.

This IP will cover following specific interventions:

1. Immediate technical and backstopping assistance to the Government of Sri Lanka (GoSL) to revive the tourism sector;
2. Strengthen the institutional effectiveness of the tourism sector to accelerate recovery and meet post-COVID new normals;
3. Ensure livelihood security of the affected communities and revive the value chain focusing on targeted women entrepreneurs.

For this IP, UNDP will invest regular resources as part of the Rapid Response Facility (RRF), with CITI's funding support and EU's fund mobilized to implement these activities.

Programme Period:	2018 - 2022
Atlas Project Number:	00128701
Atlas Output ID:	00122622
Gender Marker:	2

Total resources required:	
Total allocated resources:	<u>649,583</u>
• Regular:	
UNDP Rapid Response Facility	<u>25,000</u>
UNDP TRAC I	<u>25,000</u>
• Other:	
Donor (CITI)	<u>267,133</u>
Government	
Unfunded budget (EU pipeline):	<u>332,450</u>
In-kind Contributions	_____

Agreed by UNDP: Robert Juhkam, Resident Representative, UNDP Sri Lanka

I. PURPOSE AND EXPECTED OUTPUT

1.a) Current Context Analysis

Tourism is the 3rd largest foreign income earning sector in Sri Lanka, accounting for 5% of its Gross Domestic Product. In addition, the sector provides direct and indirect employment to 388,487 and 169,003 persons respectively. By other estimates, as many as 2 million people are engaged in this sector. Tourism generates income for many rural, low-income households in the country, especially for youth. Small and Medium Enterprises (SMEs) make-up a good part of the industries in this sector and employ a significant workforce. Estimates show that as high as 90% of SMEs involved in tourism are unregistered. This high degree of informality means that these firms and workers lack legal and social protection, and are disadvantaged when accessing the relief packages and livelihood support provided by the government.

Tourism is one of the worst-affected industries on account of COVID-19, with curfews, lockdowns, social distancing measures and border closures directly impacting foreign and domestic tourism. A rapid assessment undertaken by UNDP in May 2020 with the participation of 551 industry respondents to capture the immediate impacts and emerging trends affecting the industry, found that bookings and reservations had fallen by 90% in January-March 2020 compared to the same period last year.

The same assessment finds that impacts on informal workers are more severe, because this group has less access to social protection benefits, but also, their informality limits their access to relief and support. Women in the industry are disproportionately impacted, one because they are highly represented in the informal sector, two because curfews and school closures means they are shouldering additional unpaid care work and likely unable to return to work immediately, and three, because they traditionally have a harder time finding alternative employment. The rapid assessment finds that among those who lost their jobs, a higher percentage (67%) were women, and that more women than men were asked to stay home. Labour shortages in the sector may worsen, due to health and safety concerns. With many young people and women in informal work in the sector, they are likely to be hit hardest. While the full impact of COVID-19 on tourism is not known yet, it is clear that its decline will put many livelihoods at risk.

The GoSL initiated early relief measures to businesses, but these were meant for some categories of businesses (drivers and tour guides) registered with the SLTDA, but a large part of the sector being informal, many firms and workers are unable to access these relief measures.

The rapid assessment further reveals the sector has a number of systemic issues, including the fragmented nature of the sector, poor governance arrangement in relevant government agencies and industry associations, and high informality of the sector.

UNDP's past and ongoing support to SLTDA is to develop accommodation and destination sector sustainability certification system under the Biodiversity Finance Initiative (BIOFIN) since 2018. The complementary support of the BIOFIN initiative will strengthen the objectives of this project and both will contribute towards similar objectives and would share the similar management and governance arrangements.

1.b) Objectives and Outputs

This Project initiates support to the transformation of the tourism sector towards a strong, resurgent, resilient and people-centered industry with a focus on informal sector. The key deliverable of this IP includes, a direction-setting roadmap, a draft TSP, and a multi-partner tourism development programme in consultation with the sector stakeholders and development partners, which will also entail technical and managerial assistance to the MoT and SLTDA to implement the TSP and the multi-partner JP.

As an immediate response to the COVID crisis, UNDP has provided rapid support to MoT and SLTDA to assess impacts on the tourism sector and develop a Roadmap for Sri Lankan tourism. This includes MoT, SLTDA and UNDP co-convened meetings with potential funding partners to facilitate consultations, seek coordination and mobilize financing to underpin robust recovery and growth of Sri Lanka tourism sector. UNDP's support includes technical, communication, coordination support to SLTDA by deploying services of UNDP staff and consultants, including the support of Citra Social Innovation Lab to help develop phase zero of a one-stop-app for tourists.

UNDP's support will be consolidated as technical advisory support in policy analysis, strategic communication, partnership coordination, utilizing new tools for marketing, addressing core issues like impact of COVID on informal workers. This will transit to lay the foundation to UNDP's further technical advisory support to SLTDA, which will continue to help the reform process. Other technical assistance to SLTDA will include but not limited to procurement, legal, and other technical services required to roll out the TSP.

The built capacity of the SLTDA through international and national experts will assist the Authority to prepare the tourism sector for the post COVID-19 new normals, such as digital marketing, contact-less travel, and certification schemes of travel and tourism operators under new health guidelines. UNDP will assist the MoT and SLTDA to liaise with partners, private sector and other partner agencies to identify financing mechanisms and models with a focus on SMEs to implement the TSP as a joint effort.

Long-term transformation and competitiveness should be underpinned by strong institutions and strengthened capacity, which will require pilot testing of selected actions of the TSP, building the capacity of the service providers and institutions with a focus on informal sector, SMEs and female workers, including gender equality and diversity standards, and capturing the lessons of pilot actions. The Project aims to pilot the selected initiatives of the TSP in the Central Province.

The Central Province is one of the three major tourism landscapes in the country. It is symbolic in both cultural and religious heritage. Simultaneously, the Central Province also has great ecological significance in the country - the mountainous landscape and the mild temperature harbour the freshwater origins that nourish several important national parks, sanctuaries and forest reserves with high biodiversity and the spectacular tea plantations. It has one of the most famous touring routes accompanied by mature and dense infrastructure, transportation and accommodation facilities. The Central Province also has the resources, and capacity to offer most of the niche market segments for international visitors, and has the potential to attain the highest spending tourists. The Provincial Council expressed a strong willingness to engage in the sustainable tourism development pilot and the certification scheme is going to be launched at the Central Province. Given the above reasons, Central Province is proposed as the pilot destination.

This pilot testing will cover new product development and diversification, formulating a provincial tourism development programme along with a capacity development programme, and will work with the central and provincial setup to build strong central-provincial coordination and communication mechanisms to implement the TSP.

In addition to the above, this IP also aims to develop an immediate livelihood support mechanism for tourism sector workers. Initially the target would be women entrepreneurs. They will be supported to access government registration processes, and enabled to receive future livelihood support from the government. The beneficiary selection process will ensure inclusion and equality, regardless of one's language, ethnicity and religious beliefs.

There are 04 main outputs to this IP:

Output 1: Government of Sri Lanka receives coherent support to recover, rebuild and transform tourism sector post-COVID.

Output 2: Improved institutional effectiveness of the tourism sector to accelerate recovery and meet post-COVID new normals.

Output 3: Sustainable and equitable tourism products and services promoted for a resilient and enhanced tourism sector post-COVID.

Output 4: Female workers economically empowered in the informal sector in the tourism industry in a targeted geographic area.

II. MANAGEMENT ARRANGEMENTS

The Initiation Plan (IP) is managed by UNDP Sri Lanka country office under the overall guidance of the Resident Representative (RR), and oversight of the Deputy Resident Representative (DRR). The IP will be managed and implemented by the Climate and Environment Team (CET) with the support of the UNDP Country Office (CO) other teams.

The Policy Specialist and the Team Leader (CET) will be accountable on behalf of the CO for the IP's overall results, and quality assurance. A Chief Technical Advisor will be recruited and to be responsible for providing technical advice and day-to-day project management and implementation.

The Outputs will be implemented by UNDP under the Direct Implementation Modality (DIM). The outputs will be jointly monitored by UNDP, MoT and SLTDA.

III. MONITORING

The outputs of the initiation plan, as outlined in the work plan, will be monitored and evaluated bi-annually during project implementation, to ensure that the project effectively achieves the results that have been identified. The indicators will be monitored through simple means of verifications.

The Chief Technical Advisor is responsible for regular monitoring of project results and risks, including social and environmental risks, and will ensure that all project staff maintain a high level of transparency, responsibility and accountability in M&E and reporting of project results. The Chief Technical Advisor will inform the UNDP Country Office of any delays or difficulties as they arise during implementation so that appropriate support and corrective measures can be adopted.

The UNDP Country Office will support the project team as needed, including through monitoring and oversight missions, under the guidance of Programme Quality and Design Analyst. The Country Office will also ensure that the standard M&E requirements are fulfilled to the highest quality. This includes ensuring that targets at the output level are monitored and reported on and that any risks arising during implementation are managed or mitigated to the extent possible. Any quality concerns flagged during monitoring activities will be deliberated on and addressed in a timely manner by the UNDP Country Office and the Chief Technical Advisor.

Expenses recorded under the various outputs will be closely tracked and assigned the COVID19 marker, in order to monitor and report on funds utilized for the crisis. Monitoring activities will be designed in a way that facilitates learning and to ensure that knowledge is shared and widely disseminated to support the scaling up and replication of project results.

IV. WORK PLAN (INCLUDING UNFUNDED ACTIVITIES)

Period¹: July 2020-December 2021

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME						RESPONSIBLE PARTY	PLANNED BUDGET	
		Q1 Jul - Sep 2020	Q2 Oct- Dec 2020	Q3 Jan- Mar 2021	Q4 Apr- Jun 2021	Q5 Jul - Sep 2021	Q6 Oct- Dec 2021		Funding Source	Budget Description
Output 1- Government of Sri Lanka receives coherent support to recover, rebuild and transform tourism sector post-COVID. Indicator: -A multi-partner joint programme document is developed - Technical support unit is in place at SLTDA consisting of key technical experts	Activity 1.1 Provide technical and backstopping assistance to Min. of Tourism, SLTDA and other relevant institutions to respond to COVID-19 impacts and operationalize tourism development priorities	x	x	x				CET, P&E Team	RRF and TRAC I	35,000
Output 2- Improved institutional effectiveness of the tourism sector to accelerate recovery and meet post-COVID new normals. Indicator: -Roadmap for Resilient Tourism Sector in Sri Lanka is developed. -Draft Tourism Strategic Plan 2021-2024 is in place. -The initial version of 'Visit Sri Lanka' mobile app is launched	Activity 1.2 Formulate and operationalize multi-partner tourism development programme Activity 2.1 Develop the Roadmap for Resilient Tourism Sector in Sri Lanka Activity 2.2 Develop a draft of an actionable, budgeted Tourism Strategic Plan (2021-2024) using multi-stakeholder processes Activity 2.3 Support the review of current tourism-related governance and regulatory frameworks and formulate and enact new provisions as needed, with a focus on the sustainable tourism and the informal sector Activity 2.4 Facilitate and coordinate with development and funding partners to operationalize the Tourism Strategic Plan	x	x	x				CET	EU (to be mobilized)	15,000
		x						CET	RRF and TRAC I	15,000
		x	x	x				CET	EU (to be mobilized)	30,000
		x	x	x				CET	EU (to be mobilized)	20,000
		x	x	x	x	x		CET, P&E Team	EU (to be mobilized)	20,000

¹ Maximum 18 months

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME						RESPON SIBLE PARTY	PLANNED BUDGET		
		Q1 Jul - Sep 2020	Q2 Oct- Dec 2020	Q3 Jan- Mar 2021	Q4 Apr- Jun 2021	Q5 Jul - Sep 2021	Q6 Oct- Dec 2021		Funding Source	Budget Description	Amount (USD)
	Activity 2.5 Facilitate Digital transformation initiatives across the tourism industry and value chain, such as the 'Visit Sri Lanka' mobile app	x	x	x				P&E Team, CET	EU (to be mobilized)		50,000
Output 3 – Sustainable and equitable tourism products and services promoted for a resilient and enhanced tourism sector post-COVID. <i>Indicator:</i> -Provincial tourism strategy for the pilot Province is approved. -Number of pilot-tested products (in at least two key tourism sites/cities in the pilot province). (Target TBD) -Number of sustainable financing mechanisms are established. (Target TBD)	Activity 3.1 Pilot test tourism value-chain and eco-innovation strategies and products in Central Province for policy uptake.	x	x	x	x			CET	EU (to be mobilized)		140,000
	Activity 3.2 Formulate sustainable financing mechanisms for tourism industry with a focus on SMEs	x	x	x	x			CET	EU (to be mobilized)		30,000
Output 4: Female workers economically empowered in the informal sector in the tourism industry in a targeted geographic area. <i>Indicator:</i> -900 women have access to livelihood support - 20 training and business development services programmes offered -100 women entrepreneurs obtain the business registration	Activity 4.1 Provide livelihood assets to start alternative or secondary income generation activities to female workers Activity 4.2 Conduct training and business development services for alternative livelihood development Activity 4.3 Support women entrepreneurs to obtain the business registration with SLTDA	x	x					CET	CITI	Materials & goods, Individual Contracts, Travel	228,495
Other fees	GMS (8% of EU funding source - to be mobilized) GMS (8% of CITI funding source) Coordination Levy (1% of EU funding source - to be mobilized)							CET	CITI	Training Workshops and Conferences, Individual Contracts, Travel Local Consultant, Individual Contracts, Travel	10,081 8,602
TOTAL (USD)											649,583