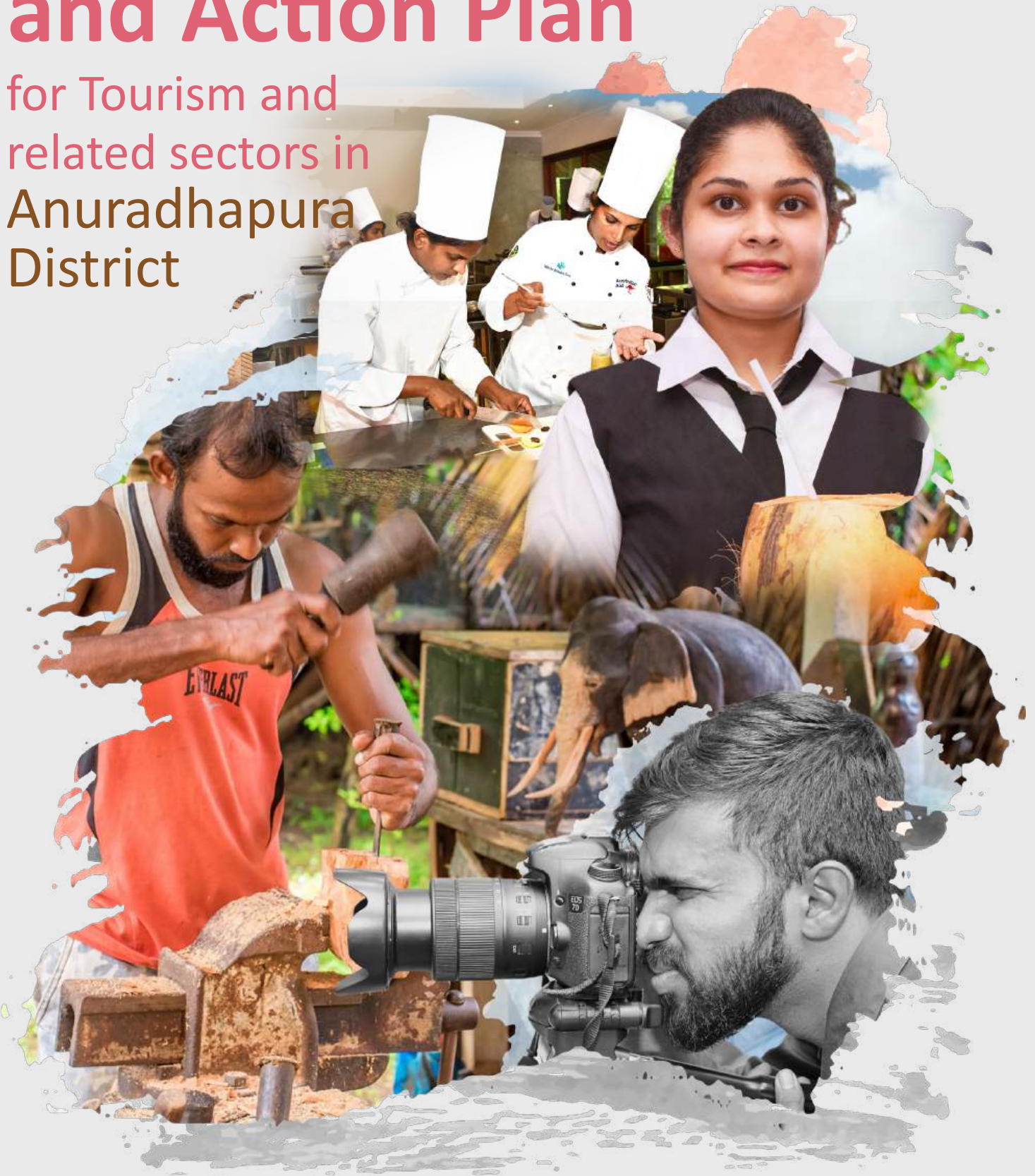




Skills Strategy and Action Plan

for Tourism and
related sectors in
Anuradhapura
District



MESSAGE

Director General - Tertiary and Vocational Education Commission (TVEC)



First and foremost, I would like to express my gratitude to the Skills for Inclusive Growth Program for their support in preparing a skills-based strategic plan for Anuradhapura and Matale districts, in collaboration with stakeholders engaged in the tourism sector.

While plans are often crafted for various fields, it is particularly interesting to witness the development of a skills-based plan at the district or local level. This plan prioritizes the tourism sector, addressing the skills-related challenges present in the district. In the process of preparing this plan, we identified the skills needs and issues within the districts, involving not only our institution and the district secretariat but also all stakeholders within the tourism value chain. We engaged in consultations and discussions with them to devise solutions for these concerns, identifying activities and relevant areas in alignment with the input of field experts.

It is noteworthy that this plan not only outlines the activities to be undertaken but also outlines the methods by which they can be accomplished. It is indeed a valuable plan that necessitates collective effort to bring it into operation. The plan includes all relevant institutions, such as the District Secretariat, Provincial Council, both government and private training institutes, private organizations, and non-governmental organizations. It is crucial at this time to support the revival of activities, which aligns with the expectations of our institution.

We aspire to expand the knowledge and methodologies acquired through this endeavour to other districts in the future. I believe that these two districts can serve as examples and provide guidance to others by translating these plans into actionable strategies.

Dr. K. A. Lalithadheera,
Director General,
Tertiary and Vocational Education Commission (TVEC)

MESSAGE

Government Agent & the District Secretary, Anuradhapura



I am delighted to extend my congratulations on the Tourism Sector Development Project Plan, which has been excellently executed in the Anuradhapura District Tourism field under the “Skill for Inclusive Growth” Program. When we consider the development of Sri Lanka, the tourism field presents numerous opportunities, and the Anuradhapura district holds immense potential. To harness this potential, we must collectively contribute to building the tourism sector. Strategic activities are crucial for its development, and the S4IG project is playing a pivotal role in ushering in a new era in our district’s tourism industry.

I deeply appreciate the efforts of this program in enhancing the skills of human resources associated with the tourism industry. Empowering the tourism sector necessitates the development of various areas, including marketing, management, human resource promotion, production operation, financial control, and technical knowledge. A series of programs have been meticulously planned to drive positive progress in the Anuradhapura district’s tourism industry from 2023 to 2025, courtesy of the S4IG project. It is paramount to establish a strategic plan with the support of multiple stakeholders for the skill development of those engaged in the tourism industry.

Launching and executing such projects within the public sector can be challenging without the support of institutions like NGOs. Therefore, I am particularly pleased that our district was chosen to receive facilities for the advancement of the tourism field. I earnestly hope to witness the transparent implementation of this program, from inception to completion, and I extend my heartfelt appreciation to all the officials of the S4IG program.

I would also like to express gratitude to the Australian High Commission and the generous Australian people for their financial support, which has made this program possible.

I have high hopes that the development of the tourism industry in the Anuradhapura district will make a substantial contribution to our journey toward sustainable development.

Janaka Jayasundara

Government Agent / District secretary
Anuradhapura

MESSAGE

Director (Planning)- District secretariat, Anuradhapura



It is my pleasure to send this message on the launch of the Skills Strategic Action Plan (SSAP), initiated and developed by the Skills for Inclusive Growth Program (S4IG) in collaboration with the Anuradhapura District Secretariat to enhance the tourism industry's skill sector in the district of Anuradhapura. I would also like to extend my warmest greetings and heartfelt appreciation to each member of the remarkable team that has tirelessly engaged in the development of tourism, contributing to the remarkable growth of the tourism sector in the Anuradhapura district. Anuradhapura district is an ancient city and a UNESCO World Heritage Site, renowned for its rich historical and cultural significance. It is a historic city located in the North Central Province of Sri Lanka, holding immense cultural, religious, and

historical importance, making it one of the country's most prominent destinations.

Anuradhapura's significance lies in its historical, cultural, religious, and educational importance. It serves as a living testament to Sri Lanka's rich heritage, attracting visitors, researchers, and pilgrims alike. The city's preservation, recognition as a UNESCO World Heritage Site, and its impact on tourism contribute to the local economy, cultural exchange, and the promotion of Sri Lanka's national identity.

In the Anuradhapura district, tourism serves as a significant driver for economic growth by generating revenue and creating employment opportunities. Additionally, tourism development can empower local communities for entrepreneurship and small business development. Local artisans, craftsmen, and vendors can showcase their products and services to tourists, thereby promoting traditional arts, crafts, and local industries. The growth of tourism in Anuradhapura has a direct impact on employment, generating jobs in various fields such as tour guides, hotel staff, drivers, artisans, and retail workers. This helps alleviate unemployment and provides income opportunities for local communities, contributing to poverty reduction and improved living standards.

Therefore, the tourism sector is essential to Anuradhapura due to its historical significance, economic impact, employment opportunities, infrastructure development, cultural exchange, and conservation efforts. Moreover, tourism holds immense importance for the Anuradhapura district, yielding numerous benefits that extend beyond economic gains. Through the preservation of cultural heritage, economic growth, community development, sustainable practices, and the promotion of national identity, tourism acts as a driving force for the prosperity and well-being of the region.

Therefore, a tourism development action plan for Anuradhapura district is crucial to preserve its cultural heritage, stimulate economic growth, develop necessary infrastructure, engage the local community, and ensure environmental sustainability. By implementing such a plan, the district can achieve a balanced approach to tourism development, creating a positive impact on its residents, visitors, and the overall destination. Therefore, I hope that the Ministry of Skill Development and the Ministry of Tourism will provide their fullest cooperation to the action measures outlined in this action plan, especially in demand-driven skill training (business-based) and the development of tourism-related enterprises.

MESSAGE (Cont.) - Director (Planning)- District secretariat, Anuradhapura

Accordingly, I highly appreciate the contribution of Divisional Secretariats, district chambers, trade associations, non-governmental organizations, public and private training providers of the district, and Community-Based Organizations (CBOs) in bringing their inputs to this action plan for success. I also highly appreciate the efforts to improve the professionalism and employment of those involved in the tourism sector in the district through this action plan. Additionally, I sincerely thank the Skills for Inclusive Growth Program, with funding from the Government of Australia, for taking the initiative to develop the Tourism Skill Strategic Action Plan for the district's tourism industry.

I extend my best wishes to all the partners who will participate in the implementation of this plan with the goal of achieving the agreed-upon results.

Sugath Nayanananda

Director (planning)
District secretariat
Anuradhapura

MESSAGE

Director- Department of Provincial Planning and Operations, North Central Province



I am pleased to extend my best wishes for the skill strategic action plan, which has been prepared for the first time for Anuradhapura district by the “Skills for Inclusive Growth” program. This program plays a crucial role in supporting the development of human resources in the tourism sector. In Sri Lanka, the tourism industry stands as the second major source of foreign exchange earnings. The commendable role played by your organization is particularly noteworthy, especially at a time when there is relatively little attention given to the development of human resources in the tourism sector.

Your efforts enable the identification of the essential tourism and hospitality skills that future human resources should possess by assessing the existing skill requirements specific to the tourism and hospitality sector. This understanding of the current skill gap is invaluable. Consequently, it becomes possible to pinpoint the range of skills that future human resources should acquire to excel in this field. Moreover, this data allows us to forecast the future job opportunities that will emerge in the tourism sector. It is equally crucial to identify these skill gaps in order to equip our human resources to match the job opportunities and analyze the global job market in tourism and hospitality.

I express my heartfelt gratitude to the team leader and management team of S4IG, who recognized this pressing need, as well as to the Australian High Commission and the Australian people for their generous financial support.

The “Skills for Inclusive Growth” program, which has identified this current need, has collaboratively developed the Anuradhapura District “Skills Development Strategic Plan” with the participation of public and private organizations, as well as experts working in the field of tourism and hospitality in the North Central Province. I firmly believe that this plan will propel a significant advancement in the tourism and hospitality sector. It is my hope that all public and private institutions operating within the tourism sector will actively utilize this plan as a practical guide instead of letting it become just another document. I wish everyone the strength and determination to work towards achieving this goal, thereby effecting remarkable change in the province’s tourism sector and making a substantial contribution to the national economy.

N.B. Krishantha Kumara (Attorney at Law)

Director

Department of Provincial Planning and Operations,
North Central Province

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ACRONYMS

ADB	Asian Development Bank
CBSL	Central Bank of Sri Lanka
DCC	District Coordinating Committee
DCS	Department of Census and Statistics
DS	District Secretariat
F&B	Food & Beverages
FG	Foreign Guests
GCE	General Certificate of Education
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
HCR	Headcount ratio
HRD	Human Resource Development
H&T	Hotel and Tourism
IE	Informal Economy
IMF	International Monetary Fund
LG	Local Guests
NAITA	National Apprenticeship and Industrial Training Authority
NPD	National Planning Department
MSME	Micro, Small and Medium scale Enterprises
QLFS	Quarterly Labour Force Survey
PC	Provincial Council
PCI	Per capita Income
SLITHM	Sri Lanka Institute of Tourism and Hotel Management
SLTDA	Sri Lanka Tourism Development Authority
S4IG	Skills for Inclusive Growth
SSAP	Strategic Skills Action Plan
TVEC	Tertiary & Vocational Education Commission
TVET	Tertiary & Vocational Education and Training
VTA	Vocational Training Authority

EXECUTIVE SUMMARY

Anuradhapura district is one of the most popular tourist destinations in Sri Lanka. It is endowed with a wide variety of attractions for both foreign and local guests and the tourism value chain in the district is represented by 12 different sub-sectors. The city is one of the places declared by UNESCO as a World Heritage Site due to its well-preserved ruins of the ancient civilization.

Tourism is one of the high growth sectors of the district and it has bounced back very strongly with a 44 percent recovery rate in 2022 as against 30 percent recovery at national level. It has the capacity to absorb skilled and unskilled labour and generate income for the district economy. During the pre-COVID period, the foreign demand for tourism in Anuradhapura district was around 228,000 guest nights and the industry was devastated during COVID crisis period. In 2021, total foreign demand was just 1 percent of pre-COVID demand. In 2022, it increased up to 99,000 representing a 47 percent recovery relative to pre-covid demand. The market share among foreign and local guests was 77 and 23 percent respectively during the pre-COVID period.

Both local and foreign tourist traffic in Anuradhapura is largely concentrated in the town area and confined mainly to the ancient city. Thus, the local economy is not benefited by tourism-related benefit flows due to poor value chain linkages that exist at present. An improved value chain with new tourist products, destination marketing, skills development and more importantly, effective management of visitor traffic within the district would be critical for the district to leverage gains from the existing and potential surge in tourism during the post-crisis business recovery period.

Tourism sector skills development in Anuradhapura district is dominated by public sector training providers and led by the Sri Lanka Institute of Tourism and Hotel Management (SLITHM – 68%) while the rest is shared by VTA (19%), NAITA (6%), University College (4%) and Sri Lanka Youth

(2%). The annual training output is around 275 trainees and programmes on cookery account for 31 percent of student enrolment. The list of popular programmes also includes Restaurant & Bar service, Pastry & Bakery, Food & Beverages, and Housekeeping. Female participation in tourism sector skills development was 12 percent in 2019 and it has increased up to 23 percent in 2021.

Skill-gaps in tourism value chain is significantly high in ICT, Technical and business skills. By scale, skill shortages are higher in medium scale firms relative to micro and small-scale firms. By occupation category, two major occupation groups (e.g. cooks (23%) and waiters (16%)) account for nearly 40 percent of unfilled vacancies. By type of business, unfilled vacancies are higher in restaurant (20%), hotel (12%) and bungalow / resort (10%) sub-sectors. Skills development in Anuradhapura district is constrained by both demand and supply side factors.

Anuradhapura district has several opportunities for growth and development of tourism industry through skills development. Anuradhapura is rich and competitive in its natural and cultural resources, but less competitive in tourism sector skills development, destination development, application of modern technology, and institutional support systems.

Consultations with a wide cross-section of stakeholders on sustainable business recovery of tourism industry through skills development led to identification of 16 action programmes structured under 8 strategies and 12 interventions. In fact, some stakeholders have already started working on three action programmes (e.g., foundation hospitality, e-tourism, and capacity building of MSME owners) immediately after the 1st round validation of the proposed action plan. Each action has a time frame and identifies the relevant agencies for implementation, considering the nature of the action and possible partnerships with key stakeholders. The action programmes pay special attention to major skill gaps in the tourism

value chain and propose the following activities for immediate action.

- a. Enhance digital marketing skills.
- b. Improving cookery & bakery skills
- c. Train Master trainers on Foundational Hospitality skills
- d. Workplace based Multitasker skills development.
- e. Provide Business Coaching support, and
- f. Capacity building of sub-national level staff in skills development.

The implementation of SSAP action programmes involves multiple stakeholder groups and therefore, strong coordination is needed at district level. It is also necessary to convince the responsible agencies to incorporate the action programmes identified in the SSAP into their Annual Action Plans. This incorporation will help to obtain public funds for the activities proposed in SSAP from respective line agencies. In addition, partnerships can be developed with the private sector, NGOs and donors at the implementation stage.

CHAPTER 1

Introduction



1.1 INTRODUCTION

Anuradhapura is one of the most popular tourist destinations among both foreign and local guests. It is a district blessed with tourism assets such as natural, historic, and cultural assets. The tourism industry has the potential to significantly contribute to the district's economic expansion and employment creation. The pandemic has brought attention to the necessity of adaptability and fortitude in the face of outside shocks. With a concerted effort from all stakeholders, Anuradhapura district has the chance to recover from the on-going economic crisis and become a top destination for tourism development. Consequently, there is now a unique window of opportunity to make a coordinated effort and implement a set of action programmes that enable tourism to contribute to more resilient, inclusive, and sustainable development pathways for tourism sector MSMEs in Anuradhapura district.

Anuradhapura district is the largest district in Sri Lanka located in North Central Province (NCP) and the Anuradhapura city is the center of administration in the province (Annex 1). The total land area of the district is 7,179 sq.km. excluding water bodies. The total area of inland water bodies is approximately 515 sq.km. The district consisted of 22 Divisional Secretary Divisions that are further sub divided into 694 Grama Niladhari Divisions (GNDs) and 2633 villages. The local government bodies in the district consist of a Municipal Council and eighteen *Pradeshiya Sabas*.

Anuradhapura is greatest monastic city of the ancient world named as "Rajarata" that dates to 5th Century BC remained the majestic seat of the kingdom of Sri Lanka until the 11th century A.D. However, Anuradhapura has been inhabited much longer following the kingdoms of Tambapanni and Upatissa Nuwara. Anuradhapura was Sri Lanka's first planned city and the first historical capital having massive Buddhist shrines and monasteries, ruins of splendid palaces, pavilions, and parks, bathing ponds and vast reservoirs which provide evidence for developed ancient architecture, art,

sculpture, and engineering. It is the cradle of the hydraulic civilization and center for the Theravada Buddhism. The scattered ruins over the landscape make a fascinating environment for the local and foreign tourists due to its archeological, historical, and religious significance.

Presently, the city has been clearly demarcated into two areas which can be identified as "sacred city" and "new town". Some of the important archeological, historical and religious places including "Jaya Sri Maha Bodhi" the oldest still-living, documented, planted tree in the world, Swarnamali sthupa, Samadhi statue etc. located within the sacred city. In addition, there are several important archeological, historical, religious, and other tourist attractions are also available all over the district (Annex 1).

The district capital Anuradhapura is 212 km away from Colombo and well connected to other parts of the country through its road and railway network. Eleven Divisional Secretariat Divisions out of 22 contain at least one railway Station.¹ It takes nearly 4 hours to travel from Colombo by taxi. But some remote areas of the district have poor access to public transport. According to the district GNDs statistics, the minimum distance to access start/destinations of public transport is 5 km or more in 448 GNDs out of 694. Other infrastructure facilities like water supply, sanitation, electricity, and communication facilities are mostly concentrated in urban areas and apparently dearth in remote areas. For example, pipe borne water from national water supply and drainage board, or community base organizations is available in 484 (69.7%) Grama Niladhari Divisions. There are post offices/sub post offices/Agency post offices are available in 197 GNDs while "Vidatha"/"Nansala" centers are available in 22 GNDs to facilitate the communication. There are also 134 GNDs in the district with communication centers.

¹Anuradhapura district GNDs statistics. 2020. DCS.

Tourism is a major contributor to economic recovery of Sri Lanka both at national and sub-national level. At district level in particular tourism industry has the capacity to generate income and employment opportunities for a wide cross-section of the regional economy through the MSMEs operating in tourism value chain. The demand for tourism in Anuradhapura district during pre-COVID period was estimated to be around 19,000

and 6000 guest nights per month by foreign and local guests respectively. This is a clear indication of the tourism sector's contribution to the regional economy of Anuradhapura district. More specifically, the multiple effects of employment and income generation through tourism sector MSMEs are vital in boosting economic activities of the district.

1.2 BACKGROUND

The Skills for Inclusive Growth (S4IG) program is an initiative of the Australian Government's aid program and is implemented by Palladium on behalf of the Australian Department of Foreign Affairs and Trade (DFAT) in collaboration with the State Ministry of Skills Development, Vocational Education, Research & Innovations, Tourism Authorities, Provincial and District level administration, and Industry & Community Organizations. The program will improve business performance of the tourism value chain in Sri Lanka through an integrated approach to skills development. In this context, the S4IG will support

sustainable job creation and enhance income of marginalized groups including, disadvantaged and people with disabilities and women. It is expected to enhance the capacity of skills development planning at regional and district levels, improve inter-institutional coordination, reduce skill-mismatches, and generate demand for skills. Further, strategies will be adopted to shift the informal sector towards a more formal, and improve productivity in the tourism value chain, leading to quick economic recovery and regional development.

1.3 OBJECTIVES

The overall objective of the Skills Strategy and Action Plan (SSAP) for Anuradhapura district is to promote inclusive growth in the regional economy by transforming skills and learning experience for

individuals and employers to create a sustainable, dynamic, entrepreneurial, and innovative culture, responsive to emerging challenges of tourism during the post-2022 economic recovery period.

More specific objectives are.



▶ To provide an overview of the services available from the training supply network to support business development in the Tourism Value Chain.



▶ To identify the **main challenges** facing skills development with specific focus on Tourism Value Chain.



▶ To develop an **Action Plan** with key interventions to promote tourism sector skills development through inclusive growth.



▶ Propose **recommendations** that support business recovery and a more inclusive growth path with a special focus on job rich growth.

1.4 APPROACH USED TO DEVELOP THE SSAP

The analysis for SSAP is based on existing body of data and research evidence on growth performance and skills development of tourism industry at national, and sub-national levels. In terms of policy directions, it is guided by eight policy documents.



National level

- ▶ *Public investment program 2021-2024*
- ▶ *Strategic Plan for Sri Lanka tourism 2022-2025*
- ▶ *Sri Lanka tourism vision 2025*
- ▶ *Policy statement by the President (August 2022)*
- ▶ *National Development Plan for the TVET Sector (2023-2027), Draft*



Sub-national level

- ▶ *Five Year Development Plan Anuradhapura District 2018-2022*
- ▶ *Anuradhapura Urban Development Plan 2019-2030*
- ▶ *Annual Performance report of Anuradhapura district secretariat*

The approach is also based on extensive consultations with key stakeholder groups such as business owners, training providers, employees in tourism value chain and policy makers & administrators at national and sub-national levels. The analytical methodology is guided by economic models on labour market equilibrium and inclusive growth and body of empirical evidence on skills development and post-crisis business recovery. The

assessment covers status of the tourism industry at district level, status of skills development, strategic options for business recovery through skills development. The SSAP prepared for Anuradhapura district provides specific actions for skill development of tourism industry with a clear focus on business recovery of tourism sector MSMEs.

1.5 OVERVIEW OF THE SSAP

The next chapter (Chapter 02) presents the development potential and strategic direction of the tourism sector at national and district levels. The challenges, strategies and action plan for skills development including vision and mission are presented in chapter 03. The last chapter mainly focused on implementation and progress monitoring mechanism with a summary of SSAP.

CHAPTER 2

Development potential and strategic direction of the Tourism sector in Anuradhapura District



2.1 INTRODUCTION

This chapter presents status of the of the tourism industry in Anuradhapura district focusing upon, macro economy, regional economy, status of the tourism sector in the district, skills gaps, policy directions for tourism sector and institutional

support system. This foundational information provides the base for the formulation of strategies and action plans for skills development of the tourism sector in the district.

2.2 THE MACRO ECONOMY

Currently Sri Lanka is at a critical juncture in its post-independence history. Years of economic mismanagement, weak governance, poor policy choices, and the impacts of external shocks such as the COVID-19 pandemic and the Russian-Ukraine war, plunged the country into its worst-ever crisis in 2022. It is the only negative growth performer in South-Asia and economic collapse and political instability have devastated lives and livelihoods across the board, dealing the heaviest blow to the poorest and most vulnerable. Economic growth was -7.8 in 2022 and at sub-sector level it was -4.6, -16 and -2 percent in agriculture, industry, and services respectively in the same year. The projected economic growth for 2023, 2024, and 2025 are -3, 1.5 and 2.6 percent respectively as against over 5 growth projections for the neighboring economies. External debt is over 75 percent of national income and national savings-investment balance is negative. Poverty nearly doubled in Sri Lanka

between 2021 and 2022, climbing from 13 to a staggering 25% (based on a poverty line of \$ 3.65 per person per day), and is projected to increase by more than 2 percentage points in 2023. In the urban sector poverty tripled from 5 to 15%. Sri Lanka's people have been forced to quickly adapt to a new reality where prospects for a good job are limited, incomes are lowered and eroded by inflation, and opportunities for a better future are becoming increasingly rare. The severity of the crisis has made it clear that Sri Lanka needs a new development model and tourism seems to be one of the key sectors which can play a lead role in Sri Lanka's new development model. It recorded the highest growth rate of 27 percent in 2022 relative to 1.7 percent growth in 2021. With the continuous increase in tourist arrivals in the 1st Quarter of 2023 growth momentum may continue for the rest of the year.

2.3 THE REGIONAL ECONOMY

Anuradhapura district has a total population of 957,000 which accounts for 4.3 percent of the country's total population. The total population in the district in 2022 was 957,000 consisted with 467,000 males and 490,000 females. The per capita income (PCI) in Anuradhapura district is estimated to be around Rs.777556 which is 28 percent below the PCI at national level (2022). The poverty level in 2019 was 8.1 percent (HCR) which was far below the national level (14.3%). With the COVID-19 and economic crises impact

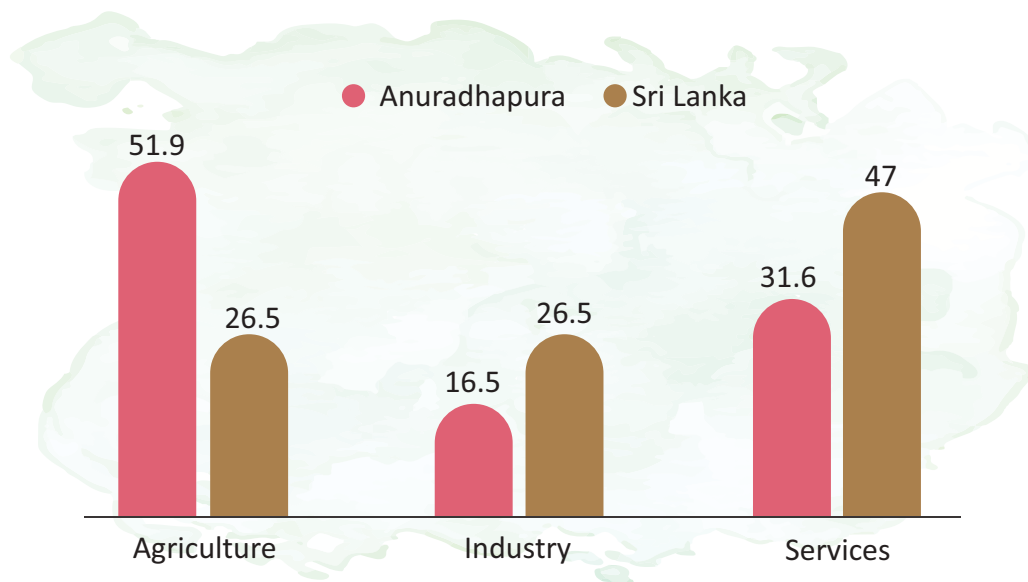
this may have gone up to 16%. Before COVID-19 total foreign guest nights in Anuradhapura was around 227676 per annum and it reduced to 2000 in 2021. The demand from local guests was around 67763 guest nights in 2018 and the relative market share of both foreign and local guest nights in Anuradhapura region was 2 percent and 3.5 percent respectively during the same period.

The structure of employment in Anuradhapura district does not follow structural features at national level. First, employment by major industry

groups is highly skewed towards the agriculture sector (51.9 %) as against the national average of 26.5 percent (figure 2.1). As a result, the relative shares of industry and services sectors in Anuradhapura are significantly lower than the national average. People in 637 GNDs out of 694 (91.8%) have been involved in crop production, while people in 45 percent of GNDs are involved in livestock, people in 31 percent of GNDs involved in non-agricultural economic activities and 11 percent involved in fishery industries. Second, the labour force participation rate in the district for both male and female workers is higher than the national average (table 2.1). Third, the share

of informal sector employment in Anuradhapura (72%) is significantly higher than the national average of 58.4 percent. For example, the share of own-account workers (self-employed) is 44.9 percent as opposed to the national share of 33.4 percent. Similarly, employee share of employment is 38.6 percent as against 57.3 percent at national level. This means self-employment is a major source of employment in Anuradhapura district and it is a positive sign for the development of the district during the post-crisis period. One important issue however is the high rate of underemployment in Anuradhapura (4.2%) as against the national average of 2.5 percent.

Figure 2. 1: Employment structure of Anuradhapura district- 2022 (%)



Source: DCS, 2023 (2022 LF bulletin)

Table 2.1 : Labour force status in Anuradhapura district – 2021

Item	Unit	Anuradhapura	Sri Lanka
Total labour force – both sexes	Nos	385,256	8,553,290
Labour force - Males	%	62	65.7
Labour force - females	%	38	34.3
Labour force participation rate – both sexes	%	55.6	49.9
Labour force participation rate - males	%	75.8	71
Labour force participation rate - females	%	38.8	31.8
Employed – both sexes	%	95.4	94.9
Unemployed – both sexes	%	4.6	5.1
Underemployment – both sexes	%	4.2	2.5
Informal sector employment - both sexes	%	72	58.4
Informal sector employment – non-agric. sector	%	45.2	47
Literacy rate – both sexes	%	93.6	93.3

Source: DCS, 2022. QLF 2021.

2.4 TOURISM SECTOR IN ANURADHAPURA DISTRICT

Anuradhapura is designated as one of the prime places for tourism in Sri Lanka. It is blessed with a diverse range of tourism assets such as natural, historic, and cultural assets. Most of them have historical, religious, or archeological significance and therefore are mostly popular among the local tourists. In addition, Wilpattu National Park and some of the giant tanks associated with ancient irrigation works help to attract tourists to the district. In addition, there are several tourist destinations covering the entire district demonstrating its growth potential for tourism. The road and railway network radiated towards to other famous tourist destinations such as Dambulla, Sigiriya, Minneriya National Park, Polonnaruwa, Trincomalee and northern part of the Island also one of the factors that supports more tourist arrivals o Anuradhapura district. The religious events in the district help a lot to attract particularly the local tourists on a large scale. However, the potential for tourism in the district

has not been fully exploited, mainly for foreign guests. The existing friendly environment for eco-tourism in the district and agriculture related community tourism is new avenues for tourism development in the district. For example, growth of Agritourism in rural areas in Anuradhapura can provide significant opportunities for local communities, but it requires the support of district authorities to realize its full potential. Agritourism, an emerging form of tourism that involves visiting and participating in agricultural activities, is a growing trend worldwide. Similarly, wellness tourism can be considered as a niche market for the district because of its potential to attract foreign guests and revenue generation. During the pre-COVID period, considerable investments have been made to support tourism sector development in the district. In 2017-2019 period UDA planned to invest Rs. 450 Mns for various infrastructure projects including recreational facility improvements, development

of town centers etc. Similarly, the accommodation capacity (no. of rooms) reached upto 1619 in 2021.

The total number of employees in tourism value chain was 1751 in 2021 representing 12 different sub-sectors. Out of this service mix, four sub-sectors (Home stay, restaurants, transport supporting services and cultural services) account for 46 percent of employment in tourism value chain. By employment status, the majority of the employed in tourism value chain are permanent employees (73%) and the rest work as temporary/casual workers. Female participation in tourism value chain varies from 12 percent in transport

supporting services to 78 percent in SPA and wellness centers & beauty salons (Table 2.2). The employment share of disabled persons is in tourism sector 1 percent. In terms of skill mix, 64 percent of employees are skilled workers while the rest belong to middle skilled (23%) and low skilled categories (13%). Between 2019 and 2021, there has been an overall drop in employment by 6 percent especially in sub sectors such as cultural services, travel agencies, transport support services, transport equipment services, and home stay units. The evidence also shows job losses in shops & stores, SPA & wellness centers and restaurant sub-sectors.

Table 2. 2 : Employment in tourism value chain in Anuradhapura district- 2021 (no. of employees)

Business category	Male	Female	Total	Female %
Hotel	120	45	165	27.3
Guest House or hostel	123	32	155	20.6
Home stay unit	145	46	191	24.1
Restaurants and similar	175	32	207	15.5
Transport supporting services	180	24	204	11.8
Travel agencies and similar	92	34	126	27.0
Cultural services/craft activities	135	67	202	33.2
Sporting and other recreational services	58	14	72	19.4
Transport equipment rental	84	26	110	23.6
Shops and stores	102	48	150	32.0
SPA and wellness centers, beauty saloons	25	87	112	77.7
Tourist-friendly eating places	21	36	57	63.2
Total	1260	491	1751	28.0

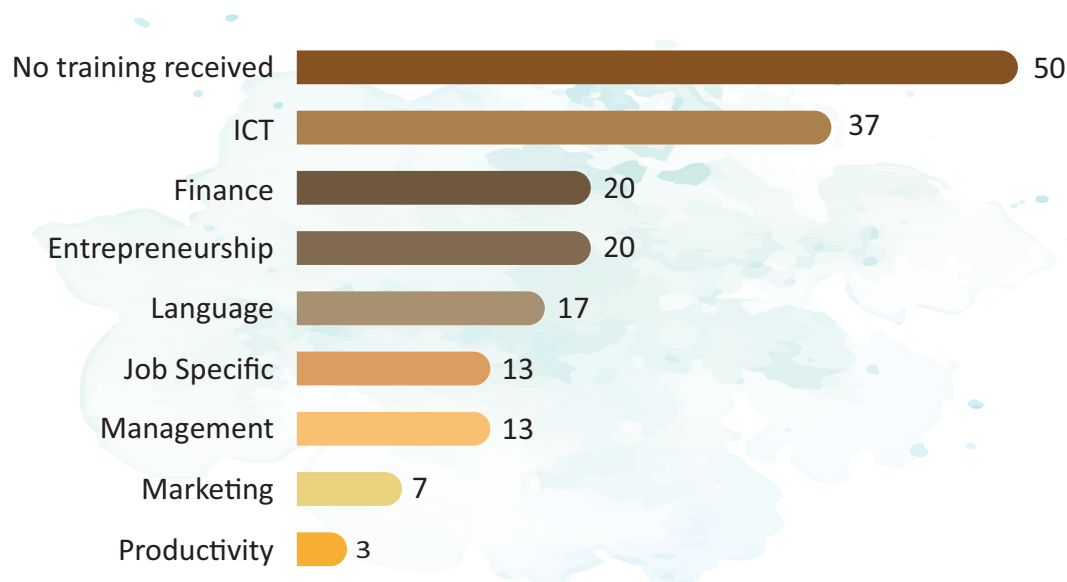
Source: DCS and DS

In terms of ownership, 92 percent of firms operate under sole proprietorship while the rest function as Partnership (5%) and Private Limited Company (2%). In Anuradhapura district female ownership in tourism sector MSMEs is very low (8%) relative to adjoining districts (22%). Over 90 percent of tourism sector MSME owners in Anuradhapura are aware of potential benefits of digitalization for business growth and expansion. About 97 percent of them have internet connections through mobile router/dongle mode (90%) and fixed leased line/broadband facilities (83%). Most of them also use internet facilities for online marketing & communication, monitoring online reviews, use

of social media, and handling digital equipment. Hence, technological readiness of tourism sector MSMEs in Anuradhapura district is very high.

Tourism sector MSME owners also seem to be very keen in the skills development of their employees and major sources of training are on the job training (73%) and in-house training (50%). The evidence on MSME's willingness to participate in S4IG project interventions in skills development reveal high preference for destination development (43%), foundational hospitality (37%) and improving professional cookery (37%) followed by digital marketing (20%), and Business Coaching (17%).

Figure 2. 2 : Business owner's training to improve managerial skills - %



Source: S4IG 2022.

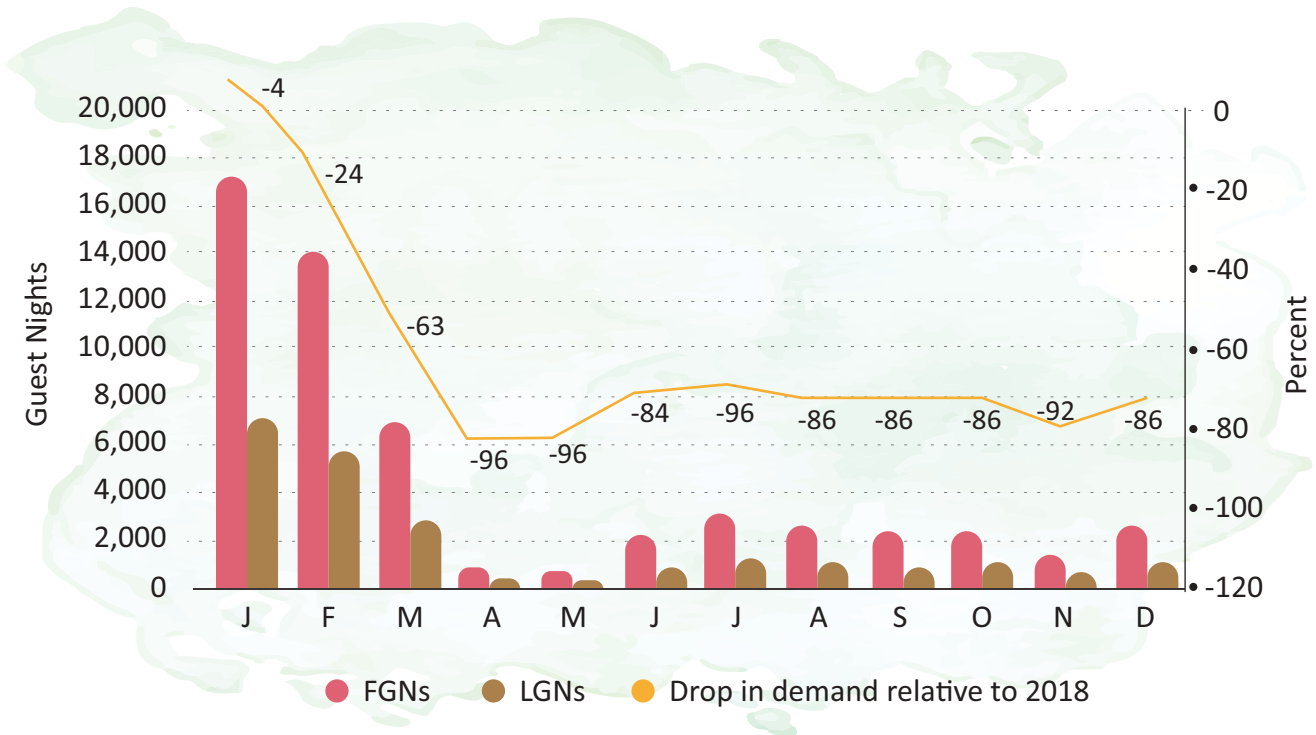
The annual turnover of tourism sector MSMEs before COVID was around 7.6 Mns per enterprise and in the 3rd quarter of 2021 it has reduced to Rs. 2.6 Mns indicating a 66 percent drop in revenue (S4IG). An assessment of training profile of MSME owners reveals inadequate training and absence of entrepreneurial culture in tourism value chain. For example, about 50 percent of business owners haven't received any training and only 7 percent have received some training in marketing (Figure 2.2). Similarly, training in management & job specific skills and finance & entrepreneurship are

13 and 20 percent respectively. Nearly two thirds of MSME owners (64%) also do not have any plans to expand business over the next few years. On the positive side however, about 37 percent of them have received training on ICT applications. In terms of willingness to participate in S4IG led support programmes, destination marketing (52%) receives the highest preference followed by foundation hospitality skills (44%) and professional cookery (44%). About 93 percent of tourism sector business owners are aware of potential benefits of digitalization of business activities.

The COVID-19 impact on tourism in Anuradhapura district is analyzed in Figure 2.3 and it's a 73 percent drop in 2020. By foreign and local market segments, the drop in demand by foreign and local

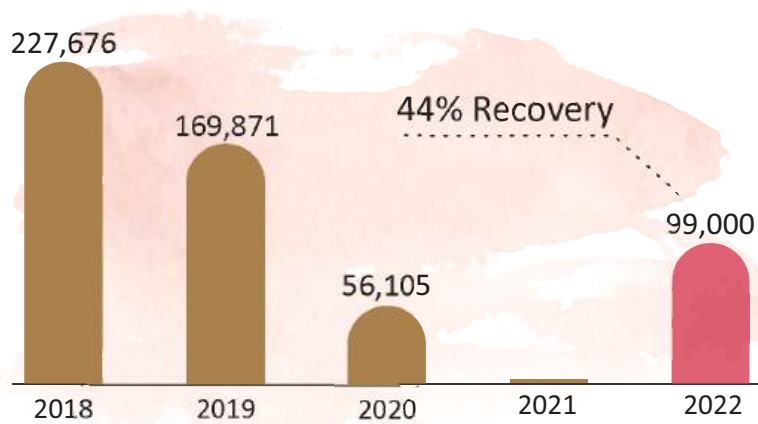
guests was 75 and 65 percent respectively. In 2022 however, tourism industry recovery was 44 percent while it was 10 percent³ and 17 percent⁴ in two adjoining districts (figure 2.4).

Figure 2. 3 : Performance of tourism industry in Anuradhapura district in 2020



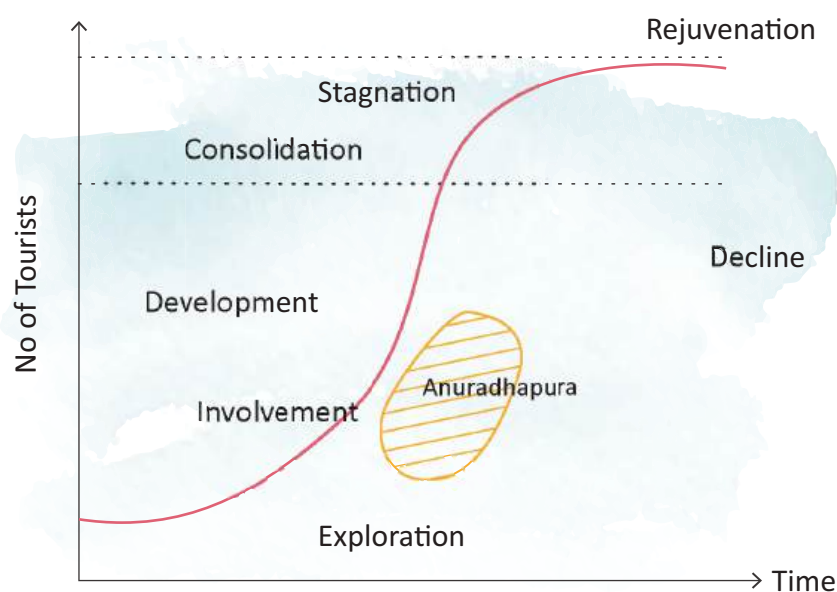
Source: S4IG 2022.

Figure 2. 4 : Recovery of Foreign Guests in Anuradhapura District- guest nights



Source: SLTDA

³ Polonnaruwa district | ⁴ Matale district.

Figure 2.5: Life Cycle of Anuradhapura district

Source: Butler (1980)

As elaborated in Butler (1980) type Tourism Area Life Cycle (TALC) model, development of tourism destinations involves six stages: (1) exploration, (2) involvement, (3) development, (4) consolidation, (5) stagnation and (6) decline/rejuvenation (figure 2.5). Accordingly, Anuradhapura's tourism industry lies along the continuum from involvement to development.⁵ During COVID crisis period, relative position of tourism in Anuradhapura district declined further and recovery was delayed by the deteriorating macro-economic conditions of the economy. This contrasts with the fast recovery of tourism at global and regional level in 2022. Recovery of tourism in Sri Lanka in 2022 was very poor relative to the achievements by competitive nations at global and in South Asian region.⁶ In fact, South Asia records the best recovery rate (-24%) in 2022 relative to global average (-37%) and in July, October and November it has exceeded pre-COVID tourist arrivals.

The validity of Butler type TALC in the post-COVID recovery period has been re-examined by several scholars including Butler (2021) in the context of different destinations. Butler (2021) discusses three possible cycles of post-COVID business recovery: a) COVID early cycle, b) COVID mid cycle and c) COVID late cycle. Given the severity of ongoing economic crisis and political instability, Sri Lanka is most likely to be placed in the early cycle stage of revised TALC. This means progression through a 'normal' life cycle in Sri Lankan tourism will not be resumed till the end of 2023. Tourism industry in Sri Lanka must reframe its value proposition to conserve assets, develop and better define new markets and products, and include and involve key stakeholders and local communities as participants in the tourism economy. Service providers both at the center and periphery need to take an innovative approach to speed up business recovery of tourism in Sri Lanka. The slow progress in business recovery will have a direct impact on labour market efficiency of the tourism industry.

⁵ This is based on pre-COVID tourism performance standards.

⁶ In the first quarter of 2023 Maldives recorded 24% increase in tourist arrivals relative to 2022. Similarly, Thailand expects total tourist arrivals to exceed 30 million in 2023.

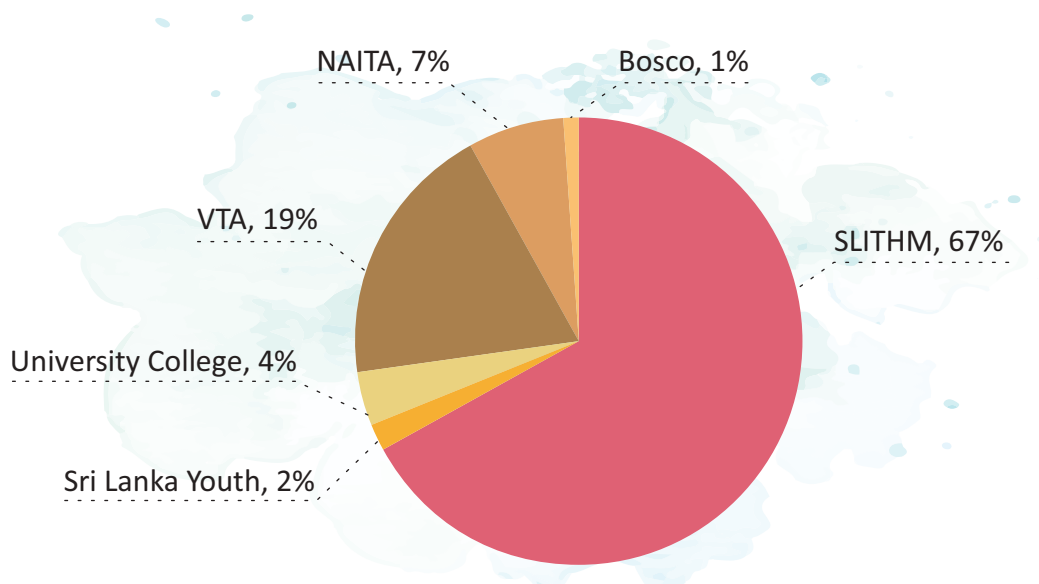
2.5 STATUS OF SKILLS DEVELOPMENT IN ANURADHAPURA DISTRICT

Tourism sector skills development in Anuradhapura district is dominated by public sector training providers led by the Sri Lanka Institute of Tourism and Hotel Management (SLITHM – 68%) while the rest is shared among VTA (19%), NAITA (6%), University College (4%) and Sri Lanka Youth (2%). These training providers offer 20 programmes directly relevant for tourism sector skills development covering both craft and certificate level programmes. Don Bosco Vocational Training Center (Nochchiyagama) is the only private training provider which offers a programme on Cookery at NVQ level 3 (Figure 2.6). The most recent private sector participation in tourism sector skills development in Anuradhapura is by Switzerland based RISCO programme which offers training in Culinary, Food and Beverage and Hotel Operations.⁷ Cookery is the most popular programme, and it accounts for 31 percent of

student enrolment. In addition, Restaurant & Bar service, Pastry & Bakery, Food & Beverages, and Housekeeping are also high demand programmes in tourism.

Total enrolment and graduate output in tourism related programmes prior to COVID-19 were around 559 s and 415 students respectively. The dropout rate was around 26 percent. The COVID crisis seriously affected the performance of TVT sector and in 2021 the drop in enrolment and graduate output of tourism related programmes relative to 2019 was 41 and 34 percent respectively. Female participation in tourism sector skills development was 12 percent in 2019 and it has increased up to 23 percent in 2021. This is a common pattern observed at the national level suggesting the influence of added worker effect even at district level.

Figure 2. 6 : Partners in tourism sector skills development in Anuradhapura district %



Source: S4IG Field Survey (2022)

⁷This project covers 13 districts including Anuradhapura.

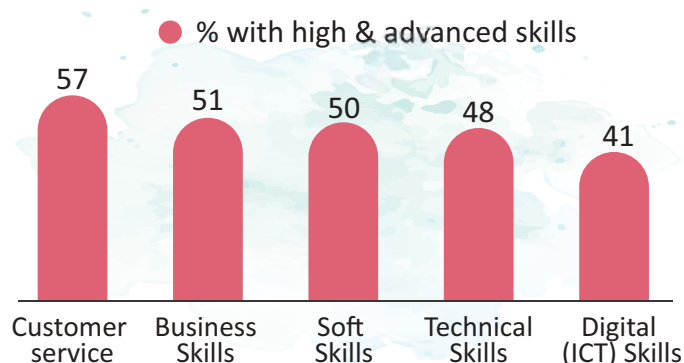
2.6 EVIDENCE OF LOW-SKILL EQUILIBRIUM IN THE LABOUR MARKET

In Sri Lanka, skill shortage has been a critical factor in the tourism value chain even before the pandemic. During the post-pandemic period with gradual recovery of tourism industry and mass migration of skilled, semi-skilled and skilled workers, the issue of skill shortages has exacerbated, and tourism sector recorded the highest level of vacancies in 2021 (23981) representing both formal (9%) and informal (91%) sectors of the value chain (TVEC, 2022a). By occupation category, the highest number of unfilled vacancies were reported in cook, waiter, kitchen helper, Kotthu maker, cashier, room boy, hopper maker, steward, helper, and baker categories in 2021. The status of unfilled vacancies was much more severe at district level due to low wages, inadequate supply of training facilities,

limited programme mix, inadequate industry and institutional support, and resource constraints.

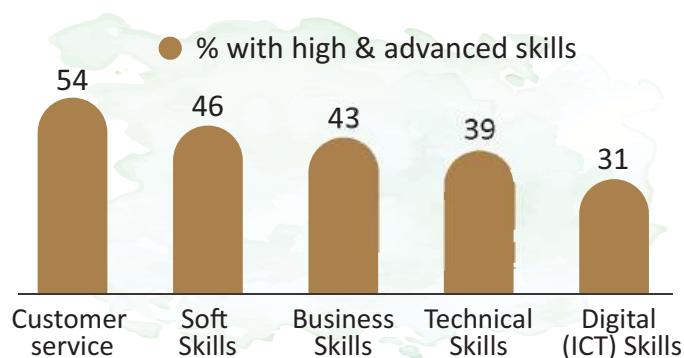
A recent survey of tourism sector MSMEs including Anuradhapura district revealed the presence of serious skill deficits among middle and low-skilled employees compared to their counterparts in high-skilled occupations (S4IG, 2022). By industry sub-sector, skill gaps were higher in the food services sub-sector relative to the accommodation sector. By scale, skill shortages were higher in medium scale firms relative to micro and small-scale firms. By type of skills, the highest skill shortages were reported in digital, technical, business and soft skills particularly among low-skilled workers (Figure 2.7, 2.8, & 2.9).

Figure 2. 7 : Skill gaps among High skilled level employees

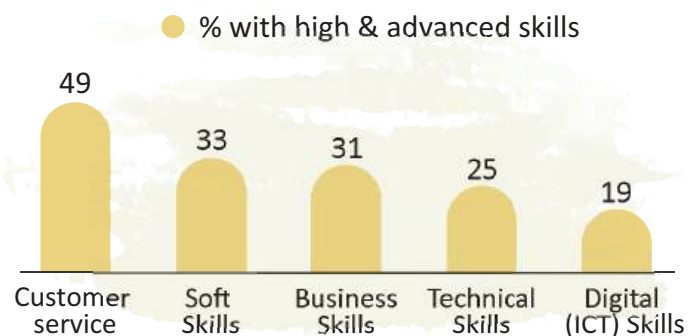


Source: S4IG (2022).

Figure 2. 8 : Skill gaps among middle-skilled level employees



Source: S4IG (2022).

Figure 2. 9 : Skill gaps among low skilled level employees

Source: S4IG (2022).

The issues of skill shortages were also analyzed in terms of unfilled vacancies, and it was higher in restaurant (20%), hotel (12%) and bungalow / resort (10%) sub-sectors. By occupation category, the highest proportion of unfilled vacancies was reported in two major occupation groups: cooks (23%) and waiters (16%). The stakeholder consultations at district level also revealed skill gaps in multitasker functions, digital skills, e-Tourism, business management, cookery, use of new technology (ICT) and tour guiding. These are clear signs of low-skills equilibrium, and it could be attributed to multiple reasons: a) inadequate supply of training, b) limited programme mix, c) low quality of training, d) outflow of workers,⁸ e)

low wages, and f) displacement of workers to other industry sectors during the COVID period. On the positive side, survey evidence and stakeholder consultations point to high degree of willingness to participate in skills development work by the MSME owners particularly in the areas of professional cookery, foundational hospitality, digital marketing, and destination development. In addition, nearly 50 percent of MSME owners have also indicated their willingness to participate in business coaching programmes. New entrants to the training market in Anuradhapura district with O/L and A/L education are around 7500 per annum.

2.7 POLICY DIRECTIONS FOR TOURISM SECTOR AT NATIONAL AND DISTRICT LEVEL

As stated in Chapter one, the SSAP for Anuradhapura district is guided by eight major policy documents covering both national and sub-national level policy directions on skills development. The first, national level policy documents spell out policy measures to attract more tourists and support for the development of MSMEs. Tourism Strategic Plan (2022-2025) deals with seventeen focus areas including skills development through establishing tourism training schools in main tourism cities and introducing attractive course programmes. The Public Investment Programme (2021-2024) has allocated Rs. 85,381 Mns for the development of tourism

industry in three main areas: human resource development, agri-tourism promotion, and product diversification. National Development Plan for the TVET Sector (2023-2027), covers all aspects of Skills Development and Vocational training and comprise of 73 policies assembled under six themes; a) Accessibility to technical, vocational education and training, b) Training developments and rationalization of training, c) Labour market information and digitalization, d) Industry linkages and workforce development, e) Quality assurance and recognition in TVE, and f) Management of human resource perspectives of TVET – physical and financial resources.

⁸The outward migration in Anuradhapura district in 2021 was 1357.

Of the three policy documents at sub-national level, Anuradhapura district five-year development plan (2018-2022) provides useful information on problems, issues and challenges relating to the development of tourism industry in the district (DS-2018, p.87). It covers four major problem areas: a) inputs for tourism development, b) enabling environment, c) technology and know-how, and d) marketing of tourism products. It also presents situational analysis of tourism sector in the district using a four-dimensional matrix and highlights twenty major issues and five of them seem to be even more valid in post-crisis tourism sector development: a) lack of skilled labour, b) lack of understanding on proper marketing of tourism products, c) lack of use of technology for marketing, d) weak entrepreneurial culture for tourism, and e) weak government policies for tourism. Of the other two documents at district

level, Urban Development Plan (2019-2030) for Anuradhapura proposes a tourism development in the district mainly considering the land use and physical planning and Annual Performance report of the District Secretariat offers information on sources and utilization of funds for the development activities of the district. The above policy documents provide adequate advice and guidance to develop a skills development plan for the tourism industry in Anuradhapura district. It also emphasizes the urgency of interventions in skills development, application of modern technology in service marketing and weak entrepreneurship culture for tourism. These aspects will be further examined in Chapter 3 with a view to workout strategic interventions for post-crisis business recovery of tourism through skills development.

2.8 INSTITUTIONAL SUPPORT SYSTEM

An efficient institutional support system is a pre-requisite for skills development. At the national level, the Ministry of Tourism and Lands (MTL) takes necessary policy decisions and coordinates relevant public and private partners to promote tourism and skills development in the country. Sri Lanka Institute of Tourism and Hotel Management (SLITHM) functions under MTL and offers skills development programmes in tourism through its island wide provincial schools and accounts for about 31 percent of student enrolment and training output. Sri Lanka Tourism Development Authority (SLTDA) also functions under the supervision of MTL and concentrates mainly on planning, development, regulation, policy implementation and progress monitoring of tourism industry. In the field of skills development, Tertiary and Vocational Education Commission (TVEC), under the supervision of Ministry of Education, conducts skills development programmes on 19 broad areas including tourism through its island-wide network of 560 institutes representing public, private and NGO sector training providers. TVEC

share of student enrollment, and graduate output is around 69 percent per annum.⁹ Its programme mix is much broader than the programme mix of SLITHM. In addition, there are several other important ministries providing institutional support for tourism industry development including the Ministry of Wildlife & Forest Conservation, and Cultural Affairs. The District Secretariate (DS) provides inter and inter-institutional coordination for the development work at district level including the tourism sector. The key decision-making body is the District Development Committee (DDC) presided by the Government Agent (GA).

Since tourism is a devolved subject, Provincial Councils (PCs) also play a major role in promoting tourism industry at district level. In North Central Province (NCP), tourism industry development work comes under the Ministry of Tourism which functions under the Chief Ministry of NCP. Its main function is to introduce and implement necessary strategies and action programmes for tourism sector development in accordance with national policies. Tourism sector development work in

⁹ Based on 2021 data.

NCP is carried out by a separate division, but its development activities are constrained by limited funds for project implementation.¹⁰

In Sri Lanka, the territorial hierarchy is divided across three levels – Central, Provincial, and Local. Since the tourism sector is a concurrent subject, all the three levels have a responsibility to handle the subject, thereby calling for a high degree of collaboration. Since Anuradhapura is the provincial capital, the institutional setting is well developed to provide various services to the people. It is mainly represented by central, provincial & district level administration, financial institutions including banks, agricultural service providers and other development organizations which have a stake

in the regional economy of Anuradhapura. In operational terms, district level development work is carried out by a network of government and semi-government organizations and all of them are inter-connected with the district secretariat. The Government Agent/District Secretary is the leader of the district administration and coordinates district level development activities through different committees. There are several district level institutions to support tourism sector development by providing training, service marketing, infrastructure development support, business development, etc. The major bottleneck however is the absence of a proper coordinating mechanism to ensure inter-institutional support at the stage of project implementation.

2.9 SUMMARY

This chapter dealt with the development potential and strategic direction of tourism industry at district level and inefficient functioning of the labour market due to the influence of demand and supply side constraints. In addition, the existing institutional support system also seems to be a major factor affecting development prospects of the tourism industry. Thus, a collaborative and inclusive approach by all stakeholder groups seems to be the best option for skills development of tourism industry in Anuradhapura district.

¹⁰They receive around Rs.30 Mns per annum for provincial level development work.

CHAPTER 3

Challenges and strategies for skills development in tourism value chain



3.1 INTRODUCTION

This chapter presents the challenges, strategies, and action plan for skills development in tourism and related sub-sectors in Anuradhapura district. It begins with an explanation of the stage of skills development, challenges, opportunities, and strategies for skills development in tourism industry in Anuradhapura district.

3.2 DEMAND AND SUPPLY SIDE CONSTRAINTS

International experience on post-COVID business recovery in tourism seems to be very encouraging and relevant for Sri Lanka. As stated by the UNWTO (2023), tourism is on track to achieve full recovery this year and ready to deliver on its potential as a pillar of peace and sustainability. They also state that the pandemic has accelerated the transition to more sustainable models of tourism and many of the countries have used tourism as an agent of resilience to overcome the effects of disasters and catastrophe. It was also an opportunity for them to redefine their product market, develop different market segments and to apply modern technology for product development and promotion. This innovative approach recognizes the value of rural tourism, agritourism, community tourism, and heritage tourism. Moreover, in the post-pandemic development agenda, women take a “Centre Stage” in tourism development (UNWTO, 2023). It also recognizes Tourism’s importance for rural development.

Tourism is a labor-intensive industry and business recovery during a post-crisis period is directly linked with skills development. As noted in Chapter 2, the tourism industry in Anuradhapura district is operating at a “low skill equilibrium” stage characterized by low demand and low supply of skilled labour. In such a situation, the labour market does not function efficiently and requires interventions in demand and supply sides to transition to a high skill equilibrium stage. As stated earlier, Anuradhapura is a well-established tourism destination in Sri Lanka with unique set of tourism assets attractive to both foreign and local guests. The increasing demand

for tourism in the district during the post-COVID period is clear and its full development potential is constrained by several factors including skill gaps and shortages. The solutions to the issue of skill gaps and shortages need to be worked out on both demand and supply sides of the labour market. As the sector recovers, we need to bring new workers with new skill sets in addition to upskilling the existing workforce to meet emerging challenges of the labour market.

On the demand side, key drivers for tourism value chain include several factors such as wages, firm size, industry structure, service mix/product mix, links with supply chains, educational and training background of business owners, performance of macroeconomic aggregates, applications of modern technology, and seasonality of market demand. These constraints need to be addressed within a broad framework of tourism sector skills development.

Similarly, the supply side is also faced with several barriers in responding to market demand for skilled workers in the tourism value chain. Some of the supply side constraints include limited access to training, limited programme mixes, inadequate presence of non-government sector training providers, lack of staff development (e.g., trainers training), resource constraints (e.g., finance, human resources, and infrastructure facilities), and negative perceptions towards tourism sector occupations.

At the global level, the tourism sector continues to bounce back from the pandemic and has accelerated the transition to more sustainable models of tourism. However, real recovery at district level will only be possible when

macroeconomic conditions improve, and international tourism returns. This requires macroeconomic stability and global support for the economy to return to normalcy.

3.3 CHALLENGES AND OPPORTUNITIES FOR SKILLS DEVELOPMENT

Having identified the constraints affecting skills development we are able to move on to the next stage of analysis- challenges and opportunities of skills development in tourism value chain in Anuradhapura district. It is based on a series of consultations with a cross section of stakeholders

engaged in tourism sector business promotion and skills development in Anuradhapura district. The key demand and supply side challenges identified on this basis prevent the tourism industry from achieving its full growth potential, especially during the post-crisis recovery period (Table 3.1).

Demand side	Supply side
Low demand for tourism sector occupations	Lack of qualified trainers
Low enrolment and completion of TVET training courses	Lack of flexible training programmes focusing women and PWD
Low salaries offered by the industry	Inadequate public sector investment in skills development
Limited access to training and development (upskilling)	Dominance of public sector in skills development
Less awareness on tourism sector career prospects and career development	Lack of institutional support for skills development of tour operators and guides
Inadequate promotion for tourism	Narrow programme mix

Despite these challenges, Anuradhapura district has several opportunities for growth and expansion of tourism industry through skills development. The major opportunities are given below.

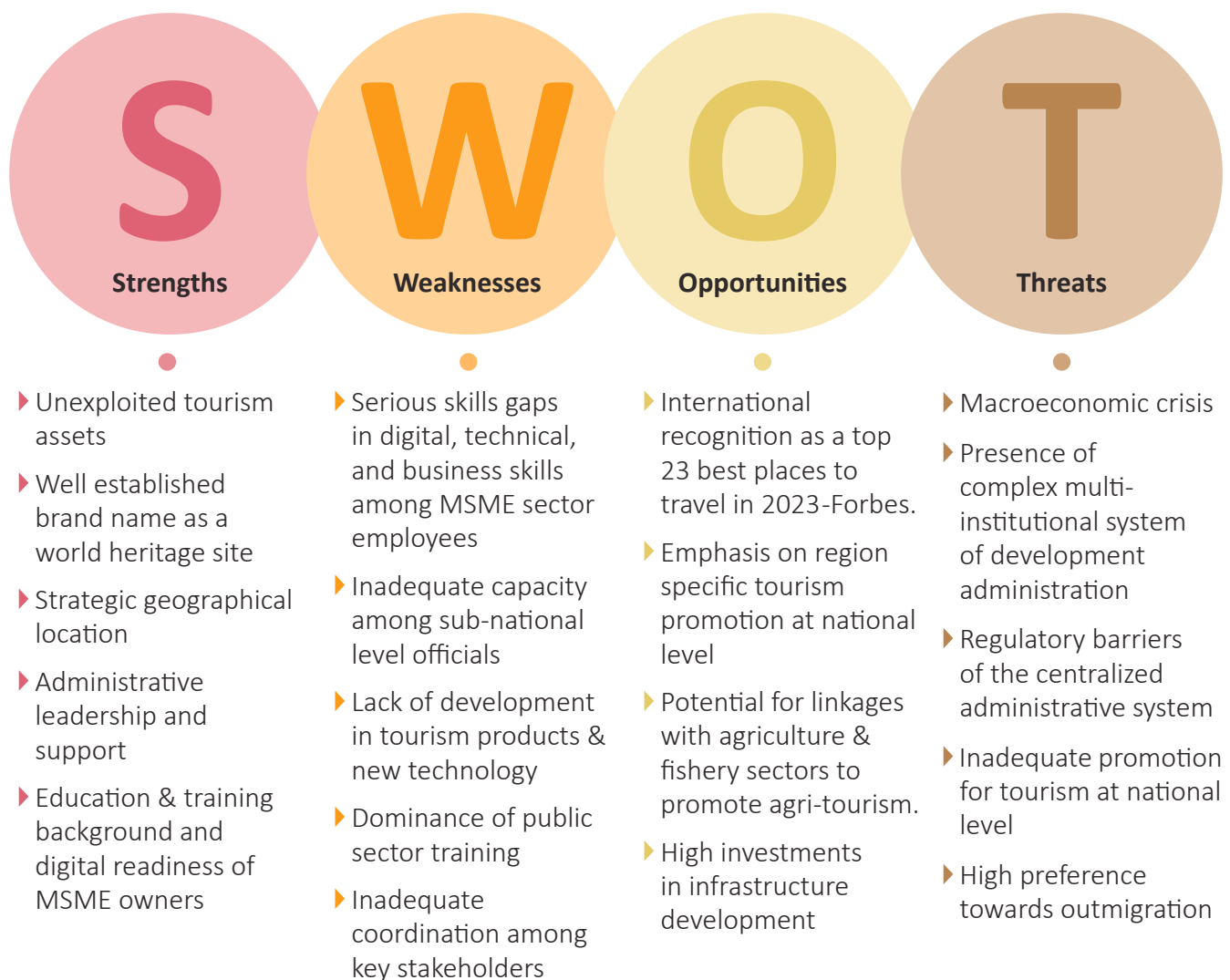
- ▶ High growth potential of the tourism businesses in the district
- ▶ Unexploited tourism related assets e.g., Heritage, Natural Beauty, agri-tourism, Cuisine and Culture
- ▶ District leadership and administrative support
- ▶ Development Partners' willingness to participate in human capital development activities initiated by the government.
- ▶ The occurrence of popular annual religious events which attracts both local and foreign guests.
- ▶ Around 7500 school leavers join the labour market on an annual basis after OL (4000) and AL (3500) examinations. Another 2700 also join the labour market before OL examination

3.4 THE SWOT ANALYSIS

This section of the assessment deals with SWOT analysis of tourism industry in Anuradhapura district. SWOT is one of the most frequently used methods in strategic planning/analysis. It is based on key findings presented in chapter 2 and Chapter

3 above and stakeholder consultations and ongoing tourism sector development work initiated by various stakeholders of the district. The findings are summarized in Figure. 3.1 below.

Figure 3.1: SWOT analysis on Skills Development of tourism industry in Anuradhapura district



3.5 VISION OF SKILLS DEVELOPMENT IN ANURADHAPURA DISTRICT

The vision and mission¹¹ developed by district administration of Anuradhapura district is given below.

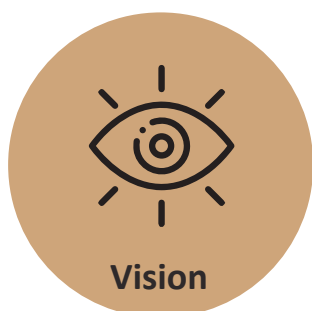


“Prominent District of Good Governance and sustainable Development”



“Direct the District to Empower Human Life through Creative & Innovative Resource Management”

The vision and mission statement for Skills Development Action Plan for Anuradhapura has been adapted from the Anuradhapura district vision and mission statements and it is given below.



“Elevate the tourism industry to high skilled equilibrium stage through human capital development.”



“Promote tourism in the district through skills development and digitalization”.

¹¹ Performance Report, District Secretariat.

3.6 STRATEGIES AND ACTION PLAN FOR SKILLS DEVELOPMENT

The analysis presented so far underlines three policy priorities. First, addressing excessively high skill gaps among high, middle, and low-skilled workers. The second main policy priority for the region is to promote digitalization of tourism sector MSMEs. The third is to promote an inter-institutional support system to ensure full stakeholder engagement in promoting tourism in Anuradhapura district.

The Skills Strategy and Action Plan (SSAP) for Anuradhapura district has been developed with the wider stakeholder consultation process including tourist sector employers, policy makers, administrators, training providers, trade associations, and private sector and non-government sector stakeholders. In addition, development policies and business recovery strategies both at national and sub national levels associated with tourism and skills development have also been taken into account at the stage of strategy formulation.

The SSAP has eight strategies developed under four main themes: (a) Building MSME resilience, (b) Improve institutional support system, (c) Promote job-rich inclusive growth and (d) Sustainable tourism development (Table 3.2). The approach taken to develop the SSAP for the district is shown in Figure. 3.2.

Implementation of these strategies involves a series of action programmes to be implemented in the short and medium term. It is important to retain existing workers in the sector by opening new avenues through skills development to increase their income. Meantime, it is also important to provide necessary skills to school leavers to facilitate the entering them into the tourism sector workforce. In addition, the disadvantaged groups including unskilled women and people with disabilities in the district, should be treated as a part of target beneficiaries of proposed skills development programme for Anuradhapura district.

Figure 3.2: SSAP Framework for skills development in Anuradhapura district



Table 3. 2 : Core demand and supply strategies and interventions for implementation

Themes	Strategies	Key interventions
Building MSME resilience	Human capital development of workers	Provide occupation specific training
		Develop Mater trainers & TOTs
		Skill development of travel & tour guides
	Restore MSME business confidence	Provide Business Coaching support
		Capacity building of MSME owners
Destination marketing	Skills development on e-tourism and application of new technologies	
Improve institutional support system	Capacity building	Capacity building of provincial, district and divisional levels staff
	Strengthen inter-institutional coordination	Develop coordination among institutions
Promote job-rich inclusive growth	Increase access to training for vulnerable groups	Conduct awareness program on “Reasonable Adjustments” in skills development
		Enhance accessibility for training programs e.g., Flexible e learning online course on e- tourism
	Promote female participation in tourism value chain	Promote female entrepreneurs
Promote sustainable tourism	Skills development in Wellness and Agri-tourism.	Facilitate training on Wellness and Agri-tourism development jointly with other stakeholders






The action plan given in Table 3.3 addresses both internal and external factors affecting tourism ecosystem at district level. Proposed interventions try to operate through the strengths of tourism industry in Anuradhapura district with full use of emerging development opportunities during the post-recovery period. It is also designed to neutralize possible threats and eliminate weaknesses affecting skills development of tourism value chain at district level. The target beneficiaries cover a wide range of business owners and employees operating in tourism value chain. It also places special emphasis on






vulnerable groups such as women, and disabled persons. The efforts towards building MSME resilience and human capital development should lead to significant improvements in job creation, destination development, product development, image building and business development of tourism industry. The interventions on female participation and empowerment of persons with disability make the entire skills development plan inclusive and well balanced. However, there is a strong need for significant improvement of stakeholder participation in the planning and implementation of tourism sector skills





development in Anuradhapura district. The results of stakeholder consultations show that Anuradhapura is rich and competitive in its natural and cultural resources, but less competitive in tourism sector skills development, and in destination development. The findings also suggest that small destinations, hinterland destinations,



and destinations in the underdeveloped rural sector of the district have high tourism potential. The stakeholder consultations reveal areas where interventions should be made to transition away from low skills equilibrium to high skills equilibrium status in Anuradhapura.

Table 3. 3 : Tourism sector Skills Development Plan for Anuradhapura district 2023-2024

	Action programmes	Target Group	Duration	Expected outcome	Main Responsible Agencies	Supporting/ Collaborating Agencies
1	Improving cookery & bakery skills 	Chefs and kitchen operations staff	2023	Assured better service and customer satisfaction	SLITHM, DS, PC, TVEC VTA SLYSC	S4IG,
2	Train Master trainers on Foundational Hospitality skills, Multitasker etc. 	Owners/ Managers in MSMEs	2023/24	Expanded training capacity with standard assured	SLITHM, VTA, NAITA, PC, DS	SLITHM, VTA, NAITA, PC, DS
3	Workplace based Multitasker skills development 	Existing employees in MSMEs	2023-2024	Improved performances	SLYSC, PC	S4IG
4	Provide foundation digital skills 	Employees of tourism sector MSMEs	2023/24	Improved digital visibility of MSMEs	FCCISL, PC	S4IG
5	Digital marketing skills & Social media skills 	Employees of tourism sector MSMEs	2023/24	Improved digital visibility of MSMEs	FCCISL, PC, DS	S4IG

	Action programmes	Target Group	Duration	Expected outcome	Main Responsible Agencies	Supporting/ Collaborating Agencies
6	Train Tour Guides 	-Tour guides -Chauffer guides -Area guides -Site guides	2023/24	Increase customer satisfaction	SLITHM, VTA, DS, PC	S4IG, SLTDA
7	Provide Business Coaching support 	MSME Owners/ Managers in Tourism	2023/24	Improved MSME performance	FCCISL, PC	S4IG
8	Capacity building of MSMEs e.g., use of modern technology, development of new products & markets. Etc., 	MSMEs	2023/24	Business recovery of MSMEs	DSI, SED, NEDA	FCCISL, S4IG
9	Skills development on e-tourism 	MSMEs	2023/24	Improved business performance	SLITHM, DS, PC	FCCISL
10	Follow up support on business coaching, e-tourism & multitasker etc. 	MSMEs	2023/24	Improved business performance	S4IG, DS, PC	FCCISL, Tourism Assicaition

	Action programmes	Target Group	Duration	Expected outcome	Main Responsible Agencies	Supporting/ Collaborating Agencies
11	Capacity building of sub-national level staff in skills development – ICT & GSI applications in tourism, Skills planning etc. 	District level staff e.g., DC, PC & DS	2023/24	Skills development in planning	S4IG	DS, PC, DCS
12	Develop coordination among institutions 	MSMEs	2023/24	Enhance institutional support for skills development / develop a common forum	DS, line ministries, PC, NGOs	S4IG*
13	Conduct awareness program on “Reasonable adjustments” in assessments of skills training programs 	Vulnerable groups	2023/24	Increase access to training for vulnerable groups	S4IG	GDO, NGOC, National SDD
14	Enhance access to training (e.g., e learning online course on e-tourism) 	MSME Owners/ Managers in Tourism	2023/24	Improved performances Recognition of prior Learning (RPL), Flexible Learning Mode (FLM)	TVEC, PC SLYSC, SLITHM,	S4IG, IC

	Action programmes	Target Group	Duration	Expected outcome	Main Responsible Agencies	Supporting/ Collaborating Agencies
15	Female entrepreneurship development 	Prospective female entrepreneurs	2023/24	Increase female participation in MSME development	SED, NEDA, DSI	NGOC, GDO,
16	Support skills development in sustainable tourism 	MSMEs engaged in Wildlife, Wellness, and agri-tourism	2023/24	Sustainable tourism development	PC, DS,	S4IG, UNDP

District Secretariat (DS); Dept. of Small Industries (DSI); Provincial Council (PC); Tour Guide Association (TUA), Gender Development Officer (GDO); NGO Coordinator (NGOC); Industry Committee (IC); Switzerland-based RIESCO program (RIESCO).

CHAPTER 4

Summary and Recommendations



4.1 OVERALL VIEWS

The analysis presented in previous chapters show that Anuradhapura is rich and competitive in its natural, heritage and cultural resources, but less competitive in tourism sector skills development, destination development, product diversification and application of modern technology. The findings also suggest that small destinations, hinterland destinations, and destinations in the underdeveloped rural sector of the district have high tourism potential. The stakeholder consultations reveal areas where interventions should be made to transition away from low skills equilibrium to high skills equilibrium status. At present, the industry is operating at sub-optimal level and its full development potential could be realized through interventions in skills development targeted at building MSME resilience, improve institutional support system, job-rich inclusive growth, and sustainable tourism development.

Government budgetary allocation for Anuradhapura district secretariat in 2021 was Rs. 1097.85 Mns covering both recurrent (Rs. 941.1 Mns) capital (Rs. 156.75 Mns) capital expenditure. However, there is no direct allocation for the tourism sector and therefore this sector has not been highlighted much in district progress monitoring and performance reports. The Provincial council also receives funds to carry out tourism sector development activities in both Anuradhapura and Polonnaruwa districts and the estimated budget allocation for this purpose in 2023 was Rs. M. 35 Mns.¹²

Given the high potential to increase the district revenue by promoting tourism industry, it is important district administration to pay attention to engage in tourism sector development work using public funds. Hence, it is necessary to explore the possibility to use the allocation given for other relevant departments in the district (e.g., Department of Wildlife Conservation, Department of Forest conservation, Department of Archeology) for tourism development activities. District administration should also take a leading role in

integrating tourism development activities into the district development plan.

The tourism sector in Anuradhapura district has bounced back very strongly with a 44 percent recovery in 2022. Thus, it has the potential to contribute to the district's economic expansion and employment creation. The pandemic has brought attention to the necessity of adaptability and fortitude in the face of outside shocks. With a concerted effort from all stakeholders, Anuradhapura district has the chance to recover from the ongoing economic crisis and become a top destination In Sri Lanka. Consequently, there is now a unique window of opportunity to make a coordinated effort and implement a set of action programmes that enable tourism to contribute to more resilient, inclusive, and sustainable development pathways for tourism sector MSMEs in Anuradhapura district.

The SSAP is based on policy directives and skills development strategies at national, provincial and district level. It is developed with a vision of developing the tourism sector as a key driver of inclusive growth in Anuradhapura district. For this purpose, eight strategies have been developed under four major themes. This also includes 12 interventions and 16 action programmes. Each action has a time frame and identifies the relevant agencies and stakeholder groups for implementation. There would be two types of funding sources: a) state funds allocated at national, provincial and district levels for different agencies for socio-economic development of the district, and (b) funds raised by non-government agencies to provide demand driven and inclusive skills development programmes. It should be noted that some stakeholders have already taken action to implement three action programmes (e.g., foundation hospitality, e-tourism, and capacity building of MSME owners) immediately after 1st round validation of the proposed action programme.

¹² <http://www.treasury.nc.gov.lk/>

4.1 IMPLEMENTATION AND PROGRESS MONITORING

The implementation of SSAP action programmes involves multiple stakeholder groups and therefore, strong coordination is needed at district level. It is also necessary to convince the responsible agencies to incorporate the action programmes identified in the SSAP into their Annual Action Plans. This incorporation will help to obtain public funds for the activities proposed in SSAP from respective line agencies. In addition, partnerships can be developed with the private sector, NGOs and donors at the implementation stage. The district administration, however, has little experience particularly in skills development. Similarly, the non-government sector service providers need support to build their capacity focusing the integration of vulnerable groups into the main-stream work force.

Given the multi-institutional nature of the SSAP, there should be a common forum to monitor the progress at the implementation stage. This forum should be chaired by the GA or his nominee for the Provincial Council to coordinate all relevant stakeholder institutions. There are two options available i.e. (a) use DCC as an appropriate forum to coordinate the tourism development activities including the implementation of SSAP, and (b) establish a separate committee confined only to coordinate the tourism development activities e.g. District Tourism Development Committee (DDTC). Each option may have certain advantages and disadvantages. However, it is a fundamental requirement to form a DTDC, either as a new committee or as a subcommittee of existing committee to synchronize tourism development activities in the district and monitor the work progress. There is a District Industry Committee (DIC) under which tourism industry activities are monitored. Hence, it may also be a good forum for the SSAP implementation. A high level and in-depth discussions are needed with district and provincial administration to find out the most appropriate mechanism for implementation and monitoring of SSAP.

However, the composition of the proposed DTDC needs to be determined by the GA considering the multi-institutional involvement of tourism sector development and socio-economic benefits associated with tourism sector business recovery. In addition to government officers, representatives of tourism sector related NGOs, Chambers & Trade promotion Associations can be nominated based on their willingness to participate. The role/functions of the DTDC should be in line with the following.

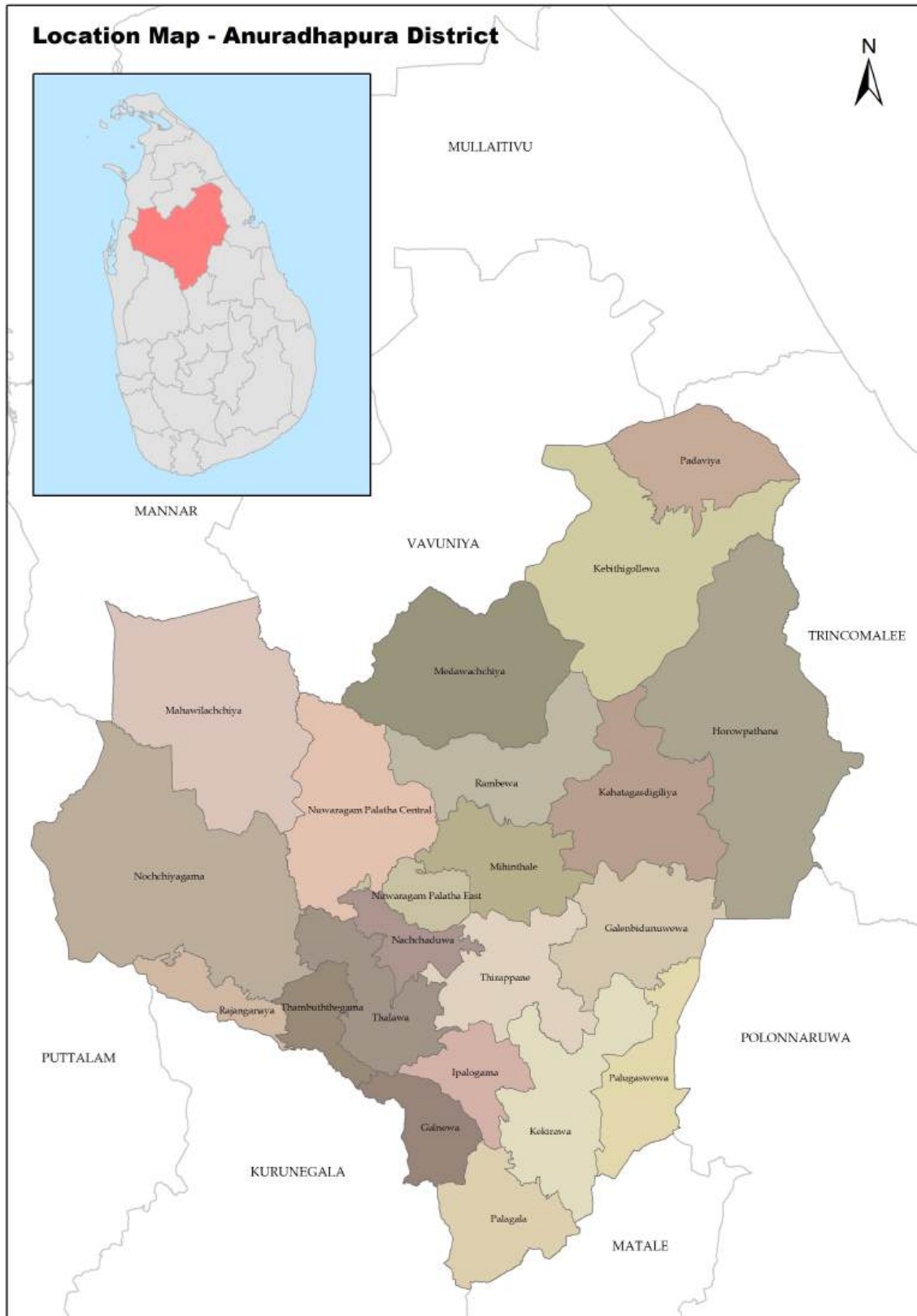
- a. Prioritization of action programmes listed in SSAP.
- b. Coordination of resources for skills development from different sources
- c. Progress monitoring of Action programmes at regular intervals
- d. Suggest necessary changes/amendments to the Action programme in response to changes in the tourism industry, changes in policy directives and administrative procedures at district, provincial and national level.
- e. Ensure continuity of skills development work of tourism sub-sector through integration of core activities of the SSAP to budget items of line ministries.
- f. Take necessary steps to develop a mechanism to formulate a new Action Plan for tourism skills development with the lessons learnt, when the present SSAP time frame is over.

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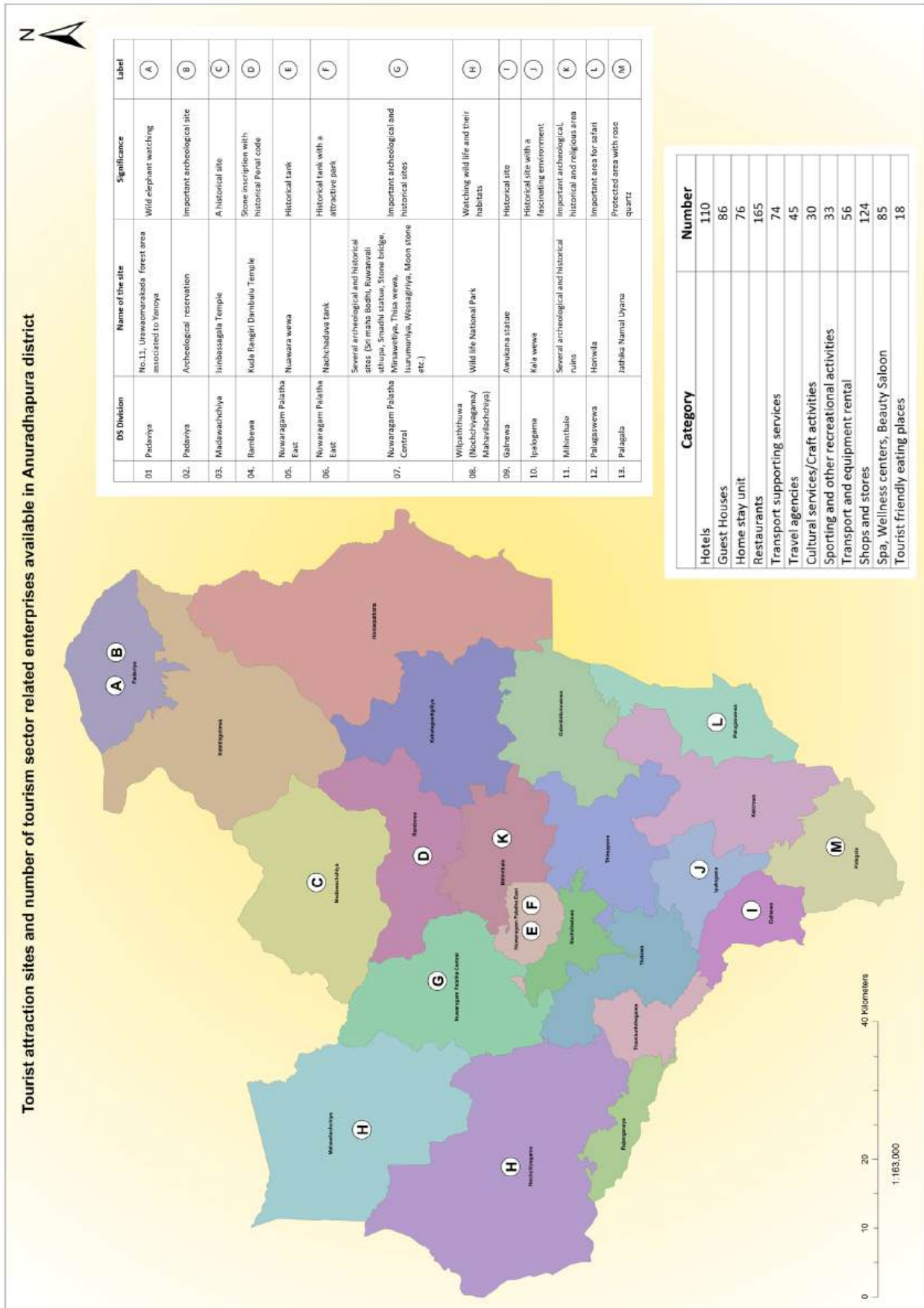
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ANNEXES

Annex 1 – Location Map of Anuradhapura district



Annex 2 – Tourist destinations in Anuradhapura district





Skills for Inclusive Growth