

Annexure 1

POLICY DOCUMENT

INDUSTRY SUPPORT SCHEME FOR GLOBAL PROMOTIONS BY LOCAL DESTINATION MANAGEMENT COMPANIES (DMCs), HOTELIERS AND ONLINE TRAVEL AGENTS (OTAs)

1. Background & Rationale

The current global pandemic has affected the entire tourism economy of Sri Lanka. Over three million people are dependent on this industry and therefore an early revival is crucial for its survival.

There has been only a marginal increase in tourist arrivals to Sri Lanka over the last three years. Tourist arrival targets set out by SLTPB has not been achieved in the last few years due to the Easter Sunday terrorist attack in 2019 followed by the Covid 19 pandemic in 2020.

With the opening of the International Airports of Sri Lanka and the roll out of the vaccination program, SLTPB expects to support the DMCs/Hoteliers and Online Travel agents (OTAs) in their global promotions to bring down tourists to Sri Lanka.

Tourism has been identified as one of the major sectors by the government of Sri Lanka with a target of US\$ 10 billion tourism revenue by 2025 and 6 million tourist arrivals to the country over the same period. In line with this targets, Sri Lanka Tourism Promotion Bureau has initiated this scheme to support the local DMCs, Hoteliers and OTAs to promote the destination by offering an incentive of USD 10 per tourist (equivalent in rupees at an exchange rate of 1 USD = LKR 203) for the number of tourist arrivals in 2022.

2. Objectives of the Promotional Campaign

- 2.1 To facilitate to reach the target of 6 mn visitors from overseas and the revenue of US\$10 bn by 2025 as set out by the government of Sri Lanka.
- 2.2 To put in place an effective promotional instrument which is capable to enhance the current growth rate of arrival and yield
- 2.3 To increase arrival of overseas visitors particularly during the prevalent low occupancy period due to the pandemic.

3. Eligibility

- 3.1 Any Sri Lanka Tourism Development Authority (SLTDA) registered DMCs or Hoteliers and have paid Tourism Development Levy (TDL) in 2018 or 2019 are eligible to seek support under this scheme.
- 3.2 Any OTA registered in Sri Lanka or have representation in Sri Lanka are eligible to seek support of this scheme. However, the hotels in which the guests are staying should be registered with Sri Lanka Tourism Development Authority (SLTDA)
- 3.3 All DMCs, Hoteliers and OTAs should confirm the expected pax to be generated for a period of six months from the date of issuing the letter of intent by complying to run the suggested campaign within this period. .
 - 3.3.1 The details of the proposal with breakdown of the activities of the campaign with timelines should be provided by the foreign Tour Operator through the respective DMC. A Tour Operator should provide only one proposal per country. Multiple proposals sent through DMCs will not be accepted.
 - 3.3.2 In case of Local Hotels, the details of the promotional campaign should be sent by the local hotel but in the case of an international chain the proposal could come from the Head office of the international chain or the local operation
 - 3.3.3 Details of the promotional Campaign should be directly submitted by the OTAs registered office in Sri Lanka or through their representative in Sri Lanka.
- 3.4 Average room rate per Tour should be USD 50 (before tax) to be confirmed by external auditor of the DMC/Hotel/OTA

4. Campaign validity period

Six months from the date of signing the letter of Intent in 2022

5. Payment criteria

- 5.1 Tour Operator – A minimum of five (5) night stay per person is required to be eligible for a payment of USD 10 per person which will be paid in LKR to the local DMC on confirmation of the average room rate of USD 50 per tour during the agreed period. The stay should be confirmed by an external auditor of the company.
- A Tour Operator should have generated minimum of 100 pax to claim a payment and maximum upto 4000 pax can be claimed during agreed period.
- 5.2 Hotels – USD 1 to be paid in LKR for each room night booked by a foreign guest as a direct hotel booking on confirmation of the average room rate of USD 50 per tour during the agreed period.. Participating hotels should have a booking engine or a website for such bookings. The stay should be confirmed via Property Management System (PMS) , which needs to be re confirmed by the external auditor of the hotel
- Minimum of 500 room nights should have been sold by a particular hotel to be eligible for a payment with a maximum payment for 10,000 room nights .
- 5.3 OTA –USD 1 to be paid in LKR for each room night booked by a foreign guest as a direct OTA booking on confirmation of the average room rate of USD 50 per tour during the agreed period. A report on room nights, confirmed by the external auditor should be submitted by the relevant OTA.. The hotels in which the guests are staying should be registered with SLTDA.
- Minimum of 500 room nights should have been sold by a particular OTA to be eligible for a payment with a maximum payment for 10,000 room nights.
- 5.4 The local DMC /the Hotelier/OTA should confirm the arrival numbers of agreed period via the external auditor. Payment will be made only based on confirmed numbers.
- 5.5 Only applicable for foreign passport holders booked through DMCs, Hotels or OTAs.
- This needs to be confirmed by the external auditor of the company.

6. Countries to be covered

All source markets for Sri Lanka will be considered for this campaign

7. Budget Allocation

SLTPB will allocate a budget of LKR 400 million, expecting to generate 200,000 tourists per annum via this promotional campaign.

The total estimated budget of Rs 400,000,000 to be allocated as follows.

T/O support Rs. 200,000,000

Hotel Support Rs. 100,000,000

OTA support Rs. 100,000,000

8. Appointment of an Independent Auditor by SLTPB to assess the payments and recommend for payment to the Evaluation Committee

9. Evaluation Committee

The following Committee will be appointed with the approval of Board of Management

2 x SLAITO members

2 x THASL members

3 x SLTPB members(including an official from Finance Division)

1 x Ministry of Tourism

Responsibility of the Committee

- Evaluate the proposals and approve selected DMCs, OTA s and Hoteliers for the promotion based on selection criteria.
- Recommend payments to the Board of Management based on the recommendation of External Auditors of DMCs, Hoteliers and OTAs and of the Independent Auditor appointed by SLTPB.

10. SLTPB shall require the following documents when settling the payments :

10.1 Letter from the Chairman/MD of the DMC based in Sri Lanka detailing the promotional activities carried out during agreed period by the Tour Operators to increase tourist arrivals in their respective target markets

10.2 Confirmation of the implementation of planned promotional activities by Hoteliers

10.3 OTA s – Business Registration in Sri Lanka or confirmation of representation in Sri Lanka through an associate or subsidiary company. Confirmation that all hotel bookings are related to hotels that are registered with SLTDA.

10.4. Confirmation of arrival details for agreed period +confirmed by the External auditor and Independent Auditor for payments requested by DMC/Hotel/OTA

11. General

11.1 After the Cabinet approval is obtained, a time period of one month should be given to all participating T/O s , Hotels and OTAs to register for the support scheme and send the proposals with the respective targets.

11.2 Once selected, all parties (local DMC, Foreign Tour Operator and SLTPB) should enter into an agreement prior to implementation. The authorized signatory of the Tour Operator should be confirmed by the local DMC

11.3 Similarly , once selected , each Hotel and SLTPB should enter into an agreement prior to implementation. The authorized signatory of the Hotel should be confirmed by the local respective Hotel.

11. 4 Similarly, once selected, each OTA and SLTPB should enter into an agreement prior to implementation. The authorized signatory should be confirmed by the OTA.

11.5 Campaign should commence after signing of the contract with SLTPB only.

11.6 SLTPB will not be responsible financially or otherwise for any campaigns commenced prior to signing of the contract.

11.7 The proposals to be considered on first come-first served basis on merit within the available allocation.

11.8 SLTPB will have the ultimate discretion to accept or decline a request to join the scheme and will have authority to reject external auditor statements.

11.9 All payments will be settled in LKR (1USD=LKR. 203)

11.10 SLTPB should not exceed the allocated total budget of LKR.400 mn for this support scheme

11.11 Tour Operators to confirm in writing the receipt of payments which will be paid through the DMC.

12.0 Applicable Law

The Contract shall be interpreted in accordance with the laws of the Socialist Democratic Republic of Sri Lanka.

12.1 Dispute Resolution

12.1.a - Amicable Settlement. The Parties shall use their best efforts to settle amicably all disputes arising out of or in connection with this Contract or its interpretation.

12.2.b - Any dispute arises between the parties in connection with, or arising out of, the Contract or the provision of the Services, whether during carrying out the Services or after their completion, which was not settled amicably in as with sub clause 10.13.a above, shall be finally settled by arbitration in accordance with Arbitration Act No 11 of 1995 of Sri Lanka or any amendments thereof.

12.2. c -The arbitral tribunal shall consist of a sole arbitrator, who shall be appointed in the manner provided under sub clause 10.13.d.

12.3.d -The Party desiring arbitration shall nominate three arbitrators out of which one to be selected by the other Party within 21 Days of the receipt of such nomination. If the other Party does not select one to serve as Arbitrator within the stipulated period, then the Arbitrator shall be appointed in accordance with Arbitration Act No 11 of 1995 of Sri Lanka or any other amendments thereof.