

DRAFT PROVINCIAL TOURISM POLICY

Government of Punjab

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CCI	Council for Common Interests
COTHM	College of Tourism and Hotel Management
DTS	Directorate for Tourism Services
EPA	Environment Protection Agency
EIA	Environmental Impact Assessment
ETPB	Evacuee Trust Property Board
GDP	Gross Domestic Product
ICT	Information & Communications Technology
IPC	Interprovincial Coordination
IT	Information Technology
ITDC	Indian Tourism Development Corporation
ITHM	Institute of Tourism and Hotel Management
LDA	Lahore Development Authority
MOTC	Ministry of Tourism & Culture
MoTS	Ministry of Tourism & Sports
MOU	Memorandum of Understanding
P & D	Planning & Development
PATO	Pakistan Association of Tour Operators
PGS	Punjab Strategy Growth
PHA	Pakistan Hotels Association
PITHM	Pakistan Institute of Tourism and Hotel Management
PPP	Public Private Partnership
PSGPC	Pakistan Sikh Gurdwara Parbandhak Committee
PTDC	Pakistan Tourism Development Corporation
SGPC	Shiromani Gurdwara Parbandhak Committee
TDCP	Tourism Development Corporation of Punjab
UNESCO	United Nations Educational, Scientific and Cultural Organization
WCLA	Walled City Lahore Authority
WTO	World Tourism Organization
WTTC	World Travel and Tourism Council
YASA&T	Youth Affairs, Sports, Archaeology & Tourism

1. INTRODUCTION

Government of Punjab recognizes the immense untapped economic potential of the tourism sector. The government is also fully cognizant of the unique geographical advantage of Punjab and believes that heritage tourism in particular should play a pivotal role in this sector's growth. However, in order to realize this potential it is critical to develop the sector to provide state-of-the-art tourist services across Punjab, focus on heritage tourism and other high-opportunity segments and mobilize private investment within the tourism sector to contribute to Punjab's economic growth.

The tourism policy of Punjab therefore aims at articulating Government of Punjab's commitment in this regard and setting the future direction of tourism sector in the province. The government believes that with this policy in place, complemented by an investor-friendly business environment and sufficient institutional capacity, the unexploited potential of the tourism sector can be unlocked and immensely contribute to economic growth.

The Government of Punjab is deeply aware that any policy that seeks to promote this cultural heritage and increase the access of people, both nationally and internationally, to this heritage, will, in addition to the economic gains it harvests, pay huge social dividends as well. It will help in making Punjab a truly pluralistic, tolerant, culturally confident and vibrant society.

1.1 Heritage Tourism in Punjab

Punjab is an ancient land. Five thousand years ago, one of the earliest civilizations known to humankind flourished on the banks of its rivers. Its soil gave birth to Indo-Aryan legends and epics. Alexander marched through it, the weight of his army leaving marks on the culture of the land. Great Buddhist kingdoms rose and fell, visible now in the remains of the high seats of learning they created. A young conqueror brought the early light of Islam to be followed by Muslim Turkic rulers from the north. The greatest of Mughals ruled India from the ramparts of Lahore, while the most just of them lies buried here. It has seen the creation and disintegration of a Sikh kingdom and it has seen modernity come in the guise of colonialism, opening up its hinterlands through a network of canals and rail-tracks. It has been in the forefront of the struggle to overthrow this yoke and it has eventually tasted the fruits of freedom and democracy.

This relentless ebb and flow of history has woven an immensely rich cultural tapestry, which defines the people of Punjab. It is best reflected in its legends and songs. It colours the message of Guru Nanak, the founder of Sikhism, as it shapes the words of great Muslim Sufis such as Ali Hajveri, Baba Farid Gunjshakar, Mian Mir and many others whose shrines dot the land. These saints, through their message of peace,

tolerance and love of humanity, did more for the spread of the eternal message of Islam in the Indian Sub-continent than any army possibly could. A religion that a majority of Punjabis now carry proudly in their hearts, knowing that theirs is a rich legacy and knowing also that Sikhs, Hindus, Buddhists and Christians all over the world share parts of it.

Pakistan's landscape is dotted with numerous heritage and religious sites spread across the entire country with six recognized UNESCO World Heritage sites. Three sites in Punjab are categorized as World Heritage sites. These are Rohtas Fort in Jhelum, Lahore Fort and Shalimar Gardens in Lahore and Taxila, near Rawalpindi.

Punjab is uniquely positioned to take advantage of the immense heritage potential and encourage heritage tourism. The province lies at the heart of the Indus Valley civilization and has various historical sites and monuments, which are of great religious and cultural significance to millions of Sikhs, Buddhists, Hindus and Muslims across the world. Numerous religious and heritage sites in Punjab reflect the diverse and pluralistic tradition of the Indus Valley. The four main religions of the East have co-existed for centuries in the land of the five rivers. From Muslim shrines to Hindu temples and from Sikh Gurdwaras to Buddhist monasteries all share the same geography and are an integral part of Punjab's rich and diverse cultural and religious history.

Mughal Heritage - Punjab has rich potential to promote tourism products based on Mughal heritage sites, recreational tourism in its hilly areas, adventure and cultural tourism in Cholistan Desert, ecotourism in the area of Salt Range and along the river Indus and rural tourism based on the rich living culture of rural Punjab.

Events and Festivals - Additionally, Punjab has been known for a number of cultural and religious events such as Basant, melas, urs and other events specific to various heritage sites. There is a need to revive such event, integrate them within the overall tourism development strategy and enhance their linkage with local art and crafts.

Sufi Heritage - Sufism presents another important thread for heritage and religious tourism in Pakistan. There are hundreds of Sufi saints buried at several places in Pakistan, drawing pilgrims from across the country. Every shrine has its major festival, popularly called the 'Urs'. At every Urs, the devotees gather in large numbers where the shrines then become lively with musicians playing traditional instruments and singers performing mystical folk songs, while dervishes dance themselves with devotion. These festivals highlight the cultural richness of Pakistan and can be events attracting tourists from around the world. Punjab, in particular, is populated with such Sufi shrines that can play a vital role in drawing local as well as international tourists. Some marked festivals that take place in Punjab throughout the year are highlighted below:

Punjab is also home to various Muslim shrines including those of Hazrat Shah Rukn-e-Alam, Hazrat Bahauddin Zakariya and Shamas Tabrez in Multan, Data Ganj Bakhsh in Lahore, Bibi Jawindi in Uch Sharif and Khawaja Ghulam Farid in Rajanpur besides many others, attracting hundreds of thousands of devoted Muslim visitors every year.

Sikh Heritage - More specifically, Punjab holds the greatest religious and historical significance for the Sikhs. Nankana Sahib, the birthplace of Baba Guru Nanak, is arguably the holiest site for Sikhs and can potentially attract as many pilgrims as the Golden Temple in Amritsar (10 million per year).

Hindu Heritage - On the other hand, Ketas Raj temple complex and sacred pool associated with Hindu god Shiva in the area of Salt Range is also a very important Hindu pilgrim center. Before partition a large number of Hindu devotees used to visit this site. If properly developed, this place can attract a large number of Hindu pilgrims and tourists interested in visiting heritage sites from within the country and from abroad.

Buddhist Heritage - Similarly, Punjab also holds a special significance for Buddhists. The Gandhara-Buddhist civilization flourished in what is now Punjab and Khyber Pakhtunkhwa (KP) in Pakistan. In Punjab, Taxila and Mankiala, both in the Rawalpindi district, are two major historical and religious sites for Buddhists. Pakistani Buddhist sites are also of particular importance to Korean Buddhists that trace their religious origin to the area, which now constitutes Pakistan. Punjab can, therefore, gain immensely from promoting Buddhist cultural and religious tourism, with an estimated market of 500 million Buddhists around the world.

1.2 Tourism in the Context of CPEC

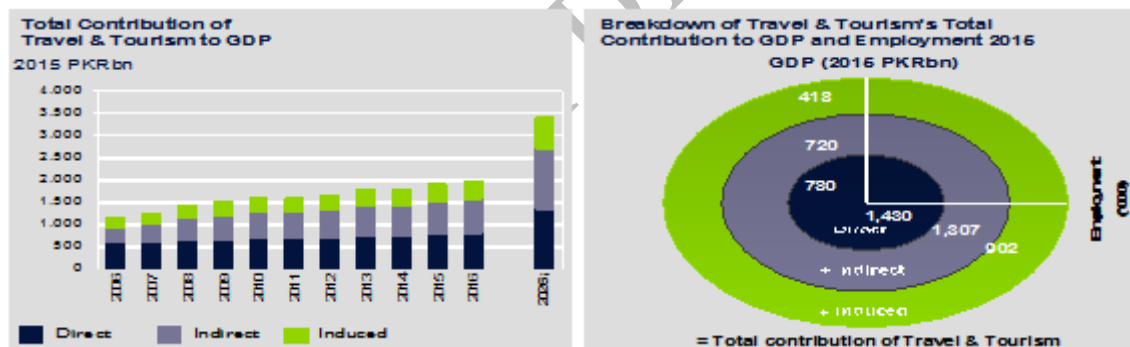
Tourism is one of the key areas of cooperation under China Pakistan Economic Corridor. Not only is there enormous potential of Chinese tourists visiting Pakistan, but the overall improved infrastructure is also likely to entice more international visitors. Therefore, the government realizes that it should explore development of tourism assets in Punjab, especially along the China-Pakistan Economic Corridor. Furthermore, with the right policy measures in place, Punjab's tourism sector can also benefit from future CPEC foreign direct investments.

2 PUNJAB'S TOURISM POTENTIAL

According to the World Travel and Tourism Council (WTTC)'s Economic Impact 2016 report for Pakistan,¹ in 2015 the travel and tourism sector made a direct contribution of PKR 780+ billion (2.8% of total GDP) to the national economy² and with indirect and induced effects, it exceeded 7% of GDP with a contribution of almost PKR 2 trillion. The sector not only directly created nearly 1.5 million jobs, claiming 2.4% of total employment, but also generated an investment of PKR 340+ billion (9.3% of total investment) in 2015. Punjab, being the largest province, claims significant share in these contributions³. **Figure 1** shows that economic contribution by the sector has almost doubled between 2006-2015. Moreover, the sector is likely to contribute PKR 3,500bn to the national economy by 2026⁴.

WTTC statistics show that domestic travel spending in Pakistan generated 90.8% of direct Travel & Tourism GDP in 2015 compared with 9.2% for visitor exports (i.e. foreign visitor spending or international tourism receipts). Domestic travel spending is expected to grow by 3.0% in 2016 to PKR 1,162.8bn, and rise by 5.3% pa to PKR 1,945.2bn in 2026.

Figure 1: Tourism and Travel Contribution to GDP and Employment in Pakistan



Source: WTTC 2016

¹ Available at <http://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2016/pakistan2016.pdf>

² All values are in constant 2015 prices & exchange rates

³ All values are in constant 2015 prices & exchange rates

⁴ WTTC's methodology covers government spending as well as all expenditure on hotels, airlines, airports, travel agents and leisure & recreation services utilized by individuals for business and holiday. This may slightly overstate the contribution by the sector as a large portion of expenditure in Pakistan on hotels and travel is for personal/family visits and for private and public sector business purposes. The total number of domestic tourists in Pakistan during the year 2009 equaled 46.07 million. About half of these tourists travelled to meet their social obligations (friends, relatives, etc.) and around 14% travelled for recreation purpose. Other important categories were of the people who travelled for business, health or religious reasons (PILDAT, 2015).

According to World Tourism Organization's Report, in 2014 on a global level, there were 1,081 million foreign tourists. Total number of foreign tourists coming to Pakistan in 2014 were 0.965 million; compared to a figure of 0.557 million in the year 2000. Pakistan's share of the global tourism market in 2014 was only 0.09%; which is much below its potential. In South Asia, Pakistan's share out of a total of 17.5 million foreign tourists was a paltry 5.5%; compared to India's share of 44%, Iran's share of 28.4% and Maldives at 7% share.⁵

In terms of geographical distribution, 44% of the total foreign tourist arrivals into Pakistan were from Europe; a major share of which was of overseas Pakistanis coming from United Kingdom. South Asia was the second largest origin for international tourists coming to Pakistan, accounting for 21% of the total. Of these tourists, a major share constitutes of Sikhs coming from India for religious festivals and for visitation of holy sites. Moreover, almost 50% of the foreign tourists come to Pakistan to visit their friends and relatives (VFR). These travellers usually do not engage in the typical tourism activities. In fact only 14.7% of the total visitors to Pakistan come for recreational purposes. This low share of tourists in the total arrivals is a clear indicator of the untapped potential of the tourism sector⁶.

In terms of receipts in 2015 from foreign tourists, Pakistan only scraped a share of merely 1% out of the total spend of US\$ 31.4bn in South Asia. India was the biggest beneficiary with foreign tourist spending of US\$ 21bn during 2015.⁷

Typically, the average visitor to the numerous Sufi festivals, tombs and shrines across the province belongs to the lower income strata thus limiting the overall economic benefit of domestic tourism. Provision of better tourist infrastructure and extensive marketing and projection of the many heritage sites and festivals could potentially attract higher income groups thus increasing the economic benefits of domestic tourism manifold. Middle and upper income domestic tourism is crucial for generating the volumes required for the private sector to invest in the sector and recuperate the fixed costs associated with developing quality facilities.

In the next few years, international tourism's contribution to Pakistan's tourism sector, in particular, can increase five-fold from its current level as these generate a greater amount of revenue per visitor. In addition, improvements in infrastructure and visitor facilities can boost domestic tourism, enabling Pakistanis across the country to connect with their culture and heritage.

The Punjab Growth Strategy specifically aims at enhancing both income and employment in the province through increased private sector investment across different segments of the economy. In this regard, the tourism sector can become one

⁵ UNWTO Tourism Highlights 2016

⁶ PILDAT 2015

⁷ Ibid.

of the main contributing sectors to the provincial economy. As per government estimates⁸, Sikh and Buddhist tourism from international tourists alone has the potential to generate almost PKR 20 billion and an estimated 40,000 jobs every year⁹.

These estimates do not however fully capture the various spin offs development of the tourism sector can have on the overall economy. Growth in the tourism sector can contribute towards skills development especially in the services and hospitality sector. Increased number of tourists would create incentives for entrepreneurship and private sector growth in tourism. One of the major factors behind the lack of private sector investment in tourism is precisely the current abysmally low number of tourists. By attracting high-income Sikh and Buddhist tourists to Punjab, investments in hotels and restaurants in the main tourist sites, along with overall hospitality sector, across the province becomes profitable for the private sector. Availability of good quality tourist facilities and services would in turn attract more visitors hence starting a virtuous cycle of growth and income generation. Finally, a large and buoyant tourism industry would also help enhance the tax base and revenue generation for both the provincial and federal governments.

Given this diversity and richness of religious heritage, the economic potential, which could be generated from religious and heritage tourism, is immense. Preservation of these sites and development of necessary tourism and related infrastructure in these areas would attract not only higher income domestic tourists but also millions of international tourists including Sikh, Buddhist and Hindu pilgrims. This could lead to a substantial economic uplift of different regions of the province including the economically backward but historically and religiously rich southern districts of Punjab.

2.1 CHALLENGES FACED BY TOURISM SECTOR

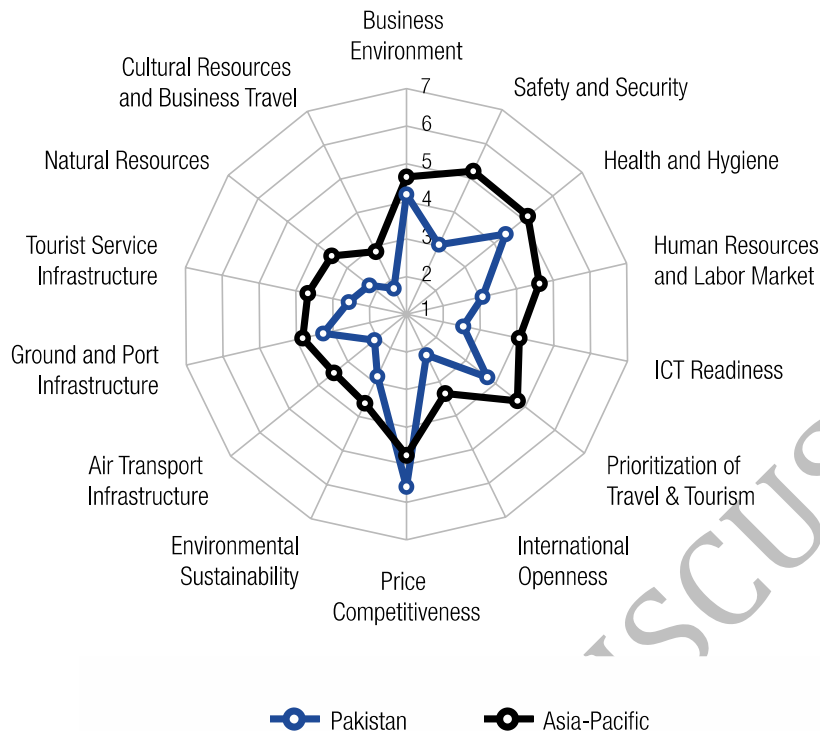
However, despite the presence of a sizeable travel and tourism sector, international tourism in Pakistan remains abysmally weak. Presently, international tourism's contribution to national GDP stands at a mere 0.4%, far less than the average of 1.1% for South Asia, 1.6% for lower middle-income countries and 1.84% for the world at large, pointing towards a significant gap and a tremendous opportunity to grow.

Pakistan is currently ranked 125 out of 141 benchmarked countries on the Travel & Tourism Competitiveness Index developed by the World Economic Forum. **Figure 1** shows that Pakistan lags in all key sub-indicators with the exception of Price Competitiveness, which is there because of depreciation in the rupee.

⁸ Initial estimates – economic impact of religious tourism in Punjab; IGC

⁹ These are very preliminary estimates that indicate the potential of this sector to contribute to the economy.

Figure 2: Travel and Tourism Competitiveness



Source: WTTC 2016

Over the last two decades, Pakistan has suffered immensely as a consequence of a deteriorating security environment brought about due to insurgencies and terrorism. This has created a negative perception, fear and distrust in the security and safety situation of the country across the world. The federation and the provinces have failed to counter this negative perception. As a consequence Pakistan has had adverse travel advisories and foreign visitors have been avoiding traveling to the country.

Moreover, due to uncertain security and a volatile geopolitical situation, tourists do not easily get Pakistani visas. The issue gets even more severe when entry into Pakistan is from India, which restricts thousands of tourists from coming to Pakistan.

The existing institutional arrangements for tourism sector are also quite weak and are in need of serious reform. Multiple agencies and departments are involved in the sector, without any specialized experience for managing heritage sites. Existing arrangements are also not in accordance with international practice. The federal-provincial coordination also poses some challenges, as federal jurisdiction over some heritage sites is still maintained through ETPB although after the 18th amendment it has no legal authority. Furthermore, over the years, TDCP has been involved in running commercial operations, creating competition for the private sector. There is little or no coordination between various departments and agencies working for

tourism sector; severely weak capacity to impart private sector skills;; no professional interface or institution to work with private sector; no institutional channel to seek private sector's feedback and no institutional arrangement for standard setting or quality assurance

There are also present a number of existing constraints to private sector investment in tourism and other sectors. Some of them include exorbitant real estate costs discouraging investors from initiating new ventures; unpredictability of tax policy and ad hoc changes in applicable taxes, discouraging investors from investing in projects with longer gestation periods; high cost of doing business with excessive regulations; limited financing avenues in the wake of commercial financing for such projects, weak capital markets and absence of private equity; and poor contract enforcement, leading to expensive and prolonged litigation.

2.1.1 Constraints to Heritage Tourism

Heritage tourism in particular faces a number of additional constraints and challenges, especially in Sikh and Buddhist tourism segments.

For instance, despite the fact that Pakistan houses a number of holy sites for Sikhs, visits to these sites are severely limited. Barely 6,000 Indian Sikhs visit every year.¹⁰ A survey¹¹ undertaken for the World Bank in India and in Canada, USA and UK revealed that approximately 80% of both Diaspora and India Sikhs have an interest in visiting Pakistan, but majority of them do not follow up with an actual visit, due to multiple reasons, explained below:

- The most severe reported impediment was the perception of safety and security. Almost all the pilgrims had come in the face of pressure from friends and family who were worried about their safety. This is reportedly exacerbated in times of political lows between Pakistan and India.
- The other serious limitations have to do with the various restrictions on the pilgrim visa given to the Sikhs. Pilgrims can only visit at four predetermined times during the year, with limitations on sites they can visit, and are they not allowed to visit at any other time. The visa duration is limited to 10 days. Moreover, there is a quota of 7,500 visas a year for Indian Sikhs, which can constrain the demand.

¹⁰ In contrast, the Golden Temple at Amritsar – just 120 kilometers away from Nankana Sahab - attracts over 50 million visits a year. This includes multiple visits from the same visitors

¹¹ Gallup Pakistan (2015) "Survey Report: Initial Assessment of potential of Sikh Diaspora in Canada, USA and UK for cultural tourism in Pakistan" and Center for Research in Rural and Industrial Development, India (2014) "Cultural-Religious-Ancestral Home Tourism to Pakistani Punjab: A Perception Survey in Indian Punjab"

- Indian Sikhs are also not allowed to stay at private accommodation, and the facilities they are accommodated in are very basic. Diaspora Sikhs do arrange private accommodation, but their priority is to stay close to the Gurdwara where there are limited options, dominated by budget hotels. Since demand is low and seasonal, the private sector has not developed higher end facilities to cater to it.

Similarly, survey work undertaken for the World Bank by Gallup Pakistan in South Korea, Japan, Malaysia, Thailand, Sri Lanka and Bhutan¹² reveals that 59% of all Buddhist respondents reported that they were not interested in visiting Pakistan. The predominant reason is clearly the perception of security problems in Pakistan, a finding that is shared by Sikh tourists as the most important deterrent. The other important Pakistan-specific issues appear to be lack of facilities and visa related problems.

Given the immense international tourism potential, Government of Punjab realizes that it must address these constraints to unlock this potential.

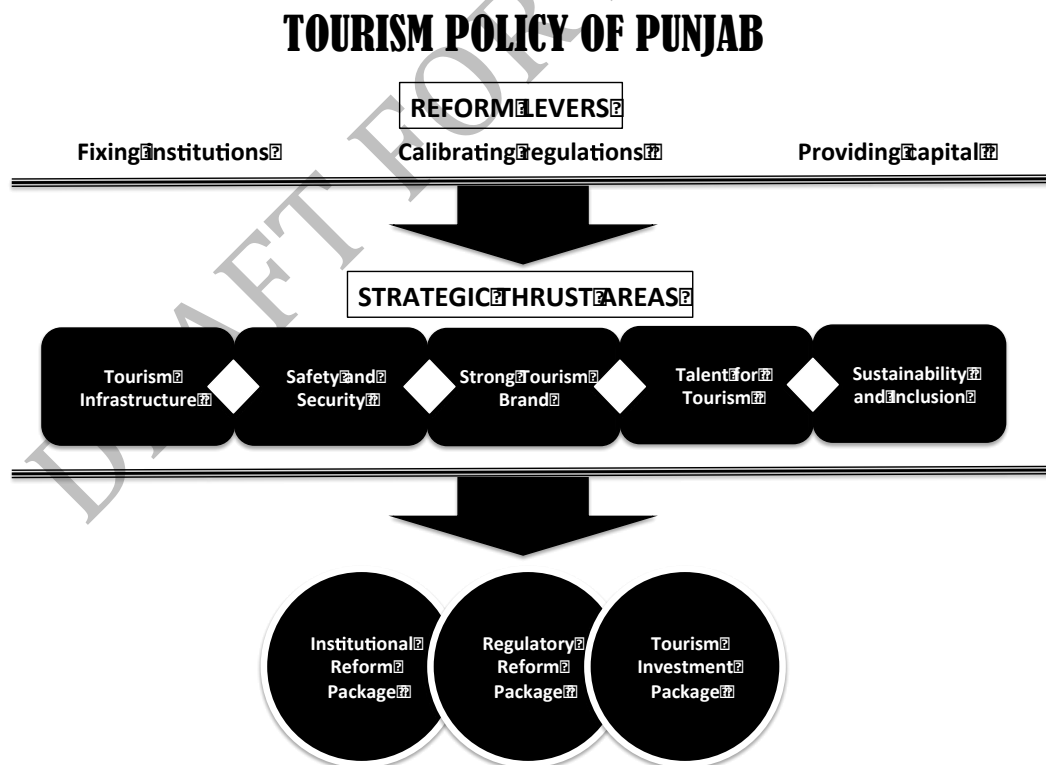
¹² Gallup Pakistan (2016) "Survey report: Survey for Estimation of Buddhist tourist potential"

3 APPROACH TOWARDS TOURISM DEVELOPMENT

Government of Punjab believes that tourism development can happen through appropriate use of three key reform levers – fixing the institutions, calibrating the regulations and providing requisite financing. Therefore, this tourism policy presents an institutional reform package, a regulatory reform package and a tourism investment package to activate these three levers.

Government believes that these three levers should then drive a five-pronged tourism development agenda focusing on building state-of-the-art tourism infrastructure; ensuring safety and security of tourists; building a strong tourism brand; developing talent for tourism services; and ensuring that growth in tourism sector is sustainable and inclusive. The ultimate vision of this tourism policy is to transform Punjab into a preferred tourism destination for national and international tourists, developing and fully capitalizing on Punjab's tourism potential. Government of Punjab also aims at promoting pluralism and religious tolerance through its focus on heritage tourism and thereby increasing exposure to cultural aspects of various religious communities.

Figure 3: Punjab's Tourism Policy Framework



3.1 THREE REFORM LEVERS

A) Fixing the institutions – Institutional Reform Package

Any vision for tourism development, no matter how ambitious it may be, will only be as good as the government's capacity to realize it. Therefore developing the capacity to deliver forms the first and foremost reform lever of Government of Punjab. Government recognizes that the tourism institutions in the province, in their present form, cannot deliver the requisite change and there is an immediate need to fix this. Therefore, the tourism policy includes a comprehensive tourism institutional reform package, which will be implemented right away. The underlying theme for this package is to bring institutional structure in line with what's needed for private sector-driven growth in the tourism sector. Moreover, government will now adopt a sector-approach with a cross-departmental oversight mechanism to ensure that there are synergies across various agencies and will create a stakeholder-led management structure to ensure that any public sector-led initiative is aligned with market needs. The details of the institutional reform package are provided in this policy in the subsequent section.

B) Calibrating the regulations – Regulatory Reform Package

Government of Punjab recognizes that the tourism regulatory regime in its present form is not appropriate for private sector-led growth. Even the proposed institutional reform package will need supporting laws and regulations to enable it. Consultations with stakeholders also indicated market expectations from government to create an enabling environment and facilitate the private investors. These expectations are also in line with what's happening in other countries. Therefore, this policy also includes a detailed regulatory reform package for the tourism sector. Government believes that targeted regulatory reforms will help a) increase confidence of tourists in the ability of Punjab to better cater to their needs and b) enhance competitiveness in the travel and tourism industry by addressing some of the factors identified in the international Travel and Tourism Competitiveness Index pertaining to business environment, safety and security, health and hygiene, human resources and labour market and ICT readiness that are hindering the sector's growth. The details of the regulatory reform package are provided in this policy in the subsequent section.

C) Providing requisite financing – Tourism Investment Package

Government of Punjab realizes that any future growth in tourism sector will ultimately hinge on investment flows to the sector. The limited public spending will only complement the private sector-led interventions through smart investments in public infrastructure or to address any market failures. While the government will increase public spending immediately to implement this tourism policy, the real

growth is expected to stem from private capital. Therefore this tourism policy also includes a tourism investment package. The package not only includes policy levers to attract private investors but also a focus on public private partnerships to create a pipeline of potential investment opportunities. The details of the tourism investment package are provided in this policy in the subsequent section.

3.2 FIVE STRATEGIC THRUST AREAS

I) Building state-of-the-art tourism infrastructure

Government will adopt with utmost transparency a coherent and well-conceived approach towards the development of infrastructure related to the tourism sector. The focus of the government will be on developing high quality tourism and support infrastructure that will include local transportation as well as tourist service infrastructure possibly through PPP models, enabling better management of facilities, creating sustainable models and enhancing involvement of the private sector through specialized contractors and improved supervision.

Government of Punjab recognizes the importance of meticulous planning and involvement of local communities in infrastructure development and will duly address any concerns regarding environmental degradation, heritage preservation, land zoning, local government regulations, etc. Government will undertake strategic planning of key tourism sites and will put in place necessary zoning arrangements. Government will also undertake any special institutional or regulatory arrangements that may be required to ensure preservation and management of heritage sites and adjoining areas. Government realizes that presently the museums are antiquated and in serious need of improvement and up-gradation and therefore will also be covered under this policy.

II) Ensuring safety and security of tourists

Government of Punjab gives utmost importance to safety and security of tourists and will accordingly ensure adequate arrangements all year round. Government will also take any institutional or regulatory measures, necessary in this regard.

III) Building a strong tourism brand

Government of Punjab is fully committed to enforcing superior quality standards for various tourism services, supplemented through private technology-driven frameworks and crowd sourcing models to provide credible information to tourists. Government of Punjab will also create a tourism brand identity for Punjab that will depict the province as a reliable safe and quality tourism destination. Government will ensure a wider a) availability of information about its tourism assets, tourist

services and other relevant areas and b) dissemination of such information to the targeted audience to create widespread awareness and facilitate potential tourists in planning their visits. Government will strive to attract a wider and more diversified visitor base to the heritage sites and other tourist destinations in order to provide greater income prospects for such areas and creating a price competitive tourism sector.

IV) Developing talent for tourism services

Skills development is critical for the envisaged transformation of the tourism sector. The Provincial Government is committed to skills development in Punjab with an adequate focus on the tourism sector to ensure availability of a well-trained skilled workforce to cater to the projected growth of the sector. Government will endeavour to make the workforce in the hospitality and tourism sector come at par with international standards, not only to create a skilled resource pool for the tourism industry but also to ensure inclusive growth with a special focus on unemployed youth.

V) Sustainable and Inclusive Tourism

Government of Punjab is committed to inclusive and sustainable tourism development and will ensure a widespread and fair distribution of economic and social benefits accruing from developing the sector and specially enhancing the positive impact of tourism development on lives of women and other marginalized groups. Government will ensure that sustainable environmental management remains central to all tourism development initiatives. Government will also ensure integrating local communities, especially the poor and marginalized, in development of various heritage and other tourism destinations to stimulate growth in adjoining areas.

4 INSTITUTIONAL REFORM PACKAGE FOR TOURISM SECTOR

The institutional reform package for tourism sector is based on three key principles: a) ensuring federal-provincial coordination and alignment; b) strengthening core governance capacity within provincial government for managing tourism sector; and c) embed private sector-led growth. There are multiple objectives behind each of these principles:

a) Federal-provincial Coordination and Alignment

- Undertake active advocacy efforts with federal government on key institutional issues in the wake of 18th Amendment
- Coordinate with other provinces for alignment on critical policy issues
- Create limited but sector-focused institutional capacity in federal government for taking up relevant regulatory and policy issues

b) Strengthened Public Sector Capacity For Tourism Sector Management

- Adopt a sector-approach with a cross-departmental oversight mechanism to ensure that there are synergies across various initiatives
- Create a stakeholder-led management structure to facilitate tourism in selected strategic thrust areas rather than traditional public sector-led approach
- Strengthen the core institutional capacity of the provincial government for policy making and implementation
- Create specialized capacity in the government to manage heritage sites

c) Supporting Private Sector-Led Growth

- Develop adequate capacity to promote private investment in the tourism sector
- Support investments in the sector through effective institutional means
- Support skills development through strengthening existing public sector institutions for developing market-based skills
- Mobilize private sector to create a responsible and responsive tourism industry
- Develop regulatory structures to support sustainable tourism; and
- Remove any distortions in the market, which discourages or prevents private investment in the tourism sector

Based on these principles and to address the above-mentioned objectives, Government of Punjab will immediately put in place the following institutional structure. The new institutional structure is carefully thought out to deliver the tourism and is in line with stakeholder views and institutional regimes in other countries.

4.1 Promoting Private Sector-Led Growth

A) Tourism Development Corporation of Punjab (TDCP)

There is a need to revamp the present structure of TDCP in order to convert it into a commercially vibrant, financially and operationally viable and self-sustaining company that is based on the principles of international best practices through active engagement of private sector. TDCP should be transformed into an investment mobilization and marketing & promotion arm that should develop new projects using private financing through PPP mode and through promoting and encouraging purely private projects. In order to do that TDCP will develop a pipeline of PPP projects and take them to the market. Additionally, it will also work with the government to develop an appropriate incentive package to promote domestic and international private investment.

TDCP will become a PPP Node, as defined under the Punjab Public Private Partnership Act 2014, and will be responsible for project identification, project preparation, tendering, monitoring of project implementation, and contract enforcement during operation, etc. Considering that PPP is a specialized field encompassing procurement of transaction advisors, project preparation and structuring, legal documentation, project procurement, etc., the government will deploy dedicated resources within TDCP so that it becomes an effective PPP node.

After the overhaul, TDCP will also be responsible for marketing, branding and communications. TDCP will take full responsibility for marketing and promoting of Punjab as a preferred tourist and travel destination of quality, especially highlighting various themes such as heritage tourism. However, TDCP will actively seek collaboration with private sector to undertake targeted and effective communication and marketing campaigns.

TDCP will also establish an **Investor Facilitation Desk** to assist potential investors interested in investing in tourism sector of Punjab. The facility will provide a one-window gateway and a single point of contact to get all requisite provincial regulatory approvals and clearances and get support for getting any federal regulatory approvals. Staff from various relevant departments will be housed at this desk to manage the backend process.

B) Institute of Tourism and Hotel Management (ITHM)

There is need to revive ITHM and transform it into a vibrant state-of-the-art institution for skill development. Under this policy, ITHM will form international partnerships and linkages; attract high quality faculty; improve its curriculum and bring it in line with international standards; upgrade campus facilities; and will form the key platform for developing and nurturing talent for tourism development in Punjab.

C) Directorate of Tourist Services (DTS)

The responsibility of managing standards of hotels and regulating hotels, tourist guides and travel agencies lies with Provincial Directorate of Tourist Services (DTS). Under the Policy, the following shall be improved: Accreditation of hotels, Certification of tourist guides, Better dissemination of information on tours and tourists' guides, Standardization of tourist transportation, Capacity of the staff, bringing them at par with the international best practices relating to standardizations and licensing.

D) Strengthening Private Sector Capacity

Under this policy, government will also strengthen private sector capacity so that they can be better organized and act as counterparts to government in a much more meaningful manner, driving the sector growth and identifying priorities for future. The newly formed government owned company will work closely with Pakistan Hotels Association (PHA) and Pakistan Association of Tour Operators (PATO) to devise a detailed strategy for building private sector's capacity.

5 TOURISM INVESTMENT PACKAGE

The tourism investment package forms an important part of Punjab's tourism policy. Government is fully resolved to creating the necessary space to allow private sector growth, while minimizing the role of government in service delivery that inadvertently distorts competition. This package is aimed at catalysing this process and attracting more investment flows from the private sector. The package includes a focus on PPP projects for tourism sector and a set of policy incentives for private investors.

5.1 Public Private Partnership Projects for Tourism Sector

In recent years PPPs have gained popularity in tourism sector in many countries, where much of the investment takes place in typically private sector space, but still driven by the public sector. However, given the nature of the sector such PPPs generally differ from traditional PPP projects. Government of Punjab realizes that the role of government is especially important in tourism PPPs because of government's control over protected areas or tourism sites, especially in case of heritage sites.

Through a focus on PPP projects, Government of Punjab will create a pipeline of potential investment opportunities and provide all required support such as ancillary infrastructure to make such investments successful. The government will undertake all such transactions through a transparent tendering process. The government is also committed to providing a one-stop solution for facilitating all relevant permits, licensing and regulatory requirements of the provincial government for private investors. The institutional reform package already covers establishment of a PPP node for tourism sector to complement these efforts.

Government of Punjab will undertake these tourism PPPs in many areas such as:

- Private sector upgrading government assets and managing them to recover investment (e.g. up-gradation and management of government guest houses)
- Participation of private sector in various services under a restricted quota/license given by the government
- Private sector performing a government function (e.g. maintenance of government-owned heritage sites and recover expenses through entry tickets)
- Private sector investing and constructing a property for commercial use on government land (e.g. construction of hotel or theme park, on government land)
- Management of events and festivals by private enterprises
- Traditional infrastructure services to support tourism sector performed by private sector (e.g. safari flights; private sector-run trains for tourists; paid public toilets; toll roads to open up tourism destinations; etc.)

5.2 Incentives for Private Investors for Tourism Sector

Government of Punjab realizes that there is a need to provide an incentive package to attract private investments in tourism sector, beyond the PPP projects. Under the tourism policy, Government of Punjab will therefore announce targeted incentives in following areas:

A) Use of Public Assets and Land

Public assets and publically owned land (or land acquired by government) will be offered to private sector for development and management and will play a significant role in development of tourism sector in Punjab. These will be especially important in the wake of exorbitant real estate prices. For this purpose, Government will develop an equitable and transparent process for asset/land leasing and establishing special purpose vehicles owing lease to such assets, with equity stake of the government, without transfer of title.

B) Approval for All Permits / Development Plans

The government will ensure prompt and seamless approvals of all permits and plans for tourism projects, as long as they comply with basic criteria, which will be clearly laid out. Government will also notify maximum time limit, within which these approvals will have to be granted, to enhance investors' confidence.

C) Financial arrangements

Government realizes that there is a need to focus on financial arrangements for successful close of mega projects, supporting tourism sector. Commercial banks in Pakistan traditionally shy away from project finance with the exception of a few sectors such as energy. In order to encourage investment in the sector and to support PPP and other smart investments in tourism sector, Government will create an Infrastructure Fund, to support private financing. The fund will take partial stake in commercially viable projects, to encourage other institutional investors. Government will also create other special arrangements for providing partial risk guarantees to investors for selected areas to stimulate investment.

D) Tax Policy Predictability

Government of Punjab realizes that investors some time shy away from investing, apprehending untoward future changes in tax regimes. Unpredictability of tax policy therefore, poses the most critical challenge and risk for the private sector. Government of Punjab will therefore provide guarantee for tax policy predictability for provincial taxes through announcement of a ten years provincial tax package covering all provincial taxes and duties, with any future increase pre-announced in it.

6 STRATEGIES FOR EFFECTIVE MARKETING, OUTREACH AND COMMUNICATIONS

Communications strategy encourages proactive participation of several stakeholders, including government departments and ministries, private sector, professional artists, experts and practitioners from creative and heritage industries, service providers and suppliers from tourism and hospitality sector, civil society, development organizations, financial institutions, communities, etc. To this end, a communications Policy will be enacted as part of the Tourism Policy as a three-pronged framework to design and deliver a coherent, comprehensive and differentiated communications and marketing strategy, reaching out to multiple levels of target audience.

Figure 5: Communications framework to support Punjab Tourism and Economic Growth Project



The competition for travellers identified to travel Punjab is fierce and to effectively compete amongst markets, this Policy will have to shift its current traditional marketing approach to one that is more aggressive and competitive. In this context, the Policy purposes an array of marketing tools and strategies to:

- 1. Encourage information sharing and coordination at all levels**
- 2. Identify stakeholders' engagement platforms**
- 3. Sustained advocacy through media:** The policy will adopt credible, independent and balanced reporting on the governance reforms of tourism

sector is an integral part of strategic communications. The higher the frequency of reaching out to people through both online and offline media, the better the chances of clarifying the context of issues and solutions proposed by the reform, which would inevitably contribute towards building an informed and supportive constituencies for change.

4. **Pro Poor Tourism Development:** The Policy proposes inclusion of all strata's of society and reaching out to youth and women,

DRAFT FOR DISCUSSION

CONCLUSION & WAY FORWARD

Government of Punjab fully understands that this tourism policy only marks the first step towards tourism development in the province and putting Punjab as a prominent destination on international tourist circuit. Therefore, Government of Punjab has already initiated a massive project for heritage tourism in the province. The provincial investments in infrastructure development are also expected to further support these efforts. There is now a need to actively engage with international development partners and private sector to pool in resources and expertise to drive the future reform agenda. The provincial government will organize a coordination conference with development partners and financiers, which will be followed by development of a comprehensive resourcing plan, taking into account future government allocations, donor funding and private investment requirements.

Government of Punjab will also develop a detailed implementation plan to put this policy in action and immediately rolling out reforms.

The Government is also aware that there is presently a considerable paucity of information, data, research and literature on the cultural heritage of Punjab and its touristic potential. There is also a general absence of reliable and ready information for tourists to access for easy facilitation of travel, stay and leisure. Due to the absence of data on the kind of tourists and purpose of their visit it is difficult to make projections and hence design specific interventions. Government plans to address this through the provision of adequate resources to be accessed by academia, independent researchers and those involved in the tourist sector to produce quality literature on the Punjab and its cultural resources.

The government will also develop a robust communication strategy not only in the context of change management for implementation of this policy or merely for promoting tourism but also in the larger context of creating an awareness of Punjab's heritage and fostering the spirit of tolerance and pluralism that underpin it.