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**Assessment of the Potential to Promote Nature-based Tourism Industry in the Protected Area Network of Sri Lanka**

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**Abstract**

Promoting the tourism industry is one of the proven strategies for Sri Lanka to address current economic crises. Sri Lanka has a high potential to develop nature-based tourism with its high biodiversity. The Forest Department and the Department of Wildlife Conservation manage 30% of the country's land as Protected Areas. In comparison to the tourism income generated through archeological sites of the country, the biodiversity sector has earned 83%-90% from 2012 to 2016, without any significant promotions and it shows the potential to develop nature-based tourism. This study aimed to examine the potentiality of using the Protected Area network to promote nature-based tourism. The PESTEL approach was utilized to assess the potentiality, and primary data was gathered through ten structured Key Informant Interviews of senior officials of both the destination management agencies, tourism authorities, and experts. The secondary data were obtained by reviewing official reports and records. The Fauna and Flora Protection Ordinance, Forest Ordinance, and their amendments provide legal provisions relating to tourism in Protected Areas with certain limitations. The Wildlife Preservation Fund can be utilized for conservation and development activities in protected areas, including tourism promotion. Even if a higher degree of 'tourism friendly' provisions is available with the Forest Department, there is no mechanism for utilizing the income generated through tourism activities for conservation as revenue credits to the Treasury. Insufficient financial allocation through the treasury, lack of innovative financial solutions for resource mobilization, and ineffective governance mechanisms for promoting public-private partnerships are identified as challenging factors in forest and biodiversity conservation in protected areas. This leads to environmental degradation and biodiversity loss in the country. The study found the potentiality of developing projects worth one billion LKR per annum with more than 20% internal rate of return, if the government develops a mechanism that increases the benefits/incentives available for the Forest Department from tourism, ensures cooperation and comprehensive planning among both the departments, introduce innovative sustainable financing solutions, amend the policy and institutional framework in favour of public, private community partnerships, and develop a tourism promotion roadmap for both the Departments. Such initiatives would increase the socioeconomic and environmental benefits to the communities living in the Functional Resource Unit of the Protected Areas. It could be strengthened with an innovative Protected Area management model such as the community forestry approach. The study recommends that tourism should be considered an effective entry point for sustainable use, biodiversity conservation, and economic growth at local and national levels.

**Keywords:** Protected areas, Nature-based tourism, Innovative financing, Public-private partnerships, Tourism for conservation