Eastern Province of Sri Lanka
Case Study
The Eastern Province of Sri Lanka

- **Trincomalee**
  - 11 Divisions
  - 2,730 km²

- **Batticaloa**
  - 14 Divisions
  - 2,850 km²

- **Ampara**
  - 20 Divisions
  - 4,415 km²

**Phase I**
- Inventory & Audit

**Phase II**
- Nominations and Interactive map

Geographic scope includes 45 Divisions & roughly 10,000 km²
Overview of Tourism in Sri Lanka

National Tourism

• 27% growth between 2012-13
• 1.3 million arrivals 2013
• 730,000 arrivals (Jan-June 2014)
• 68,000 direct jobs
• 163,000 indirect jobs
• 2016 target: 2.5 million arrivals

Eastern Province

• 2011 Airport exit survey found only 5% of visitors went to the Eastern province
• Lonely Planet 2012 ed. 400+ pages, only 25 pages devoted to East
Tourism in the Eastern Province

- Limited but growing tourism in the Eastern Province
- Continuing issues and tensions from conflict
- High degree of external tourism investment and influence with limited internal (home grown) involvement
- In general, a limited understanding of the destination in the tourism market
- Market perception – undiscovered, uncrowned and tranquil beauty (from paddy fields to lagoons)
- Highly seasonal
Sri Lanka Eastern Province

Considerations

- Existing Tourism
- Tourism Infrastructure
- Tourism Superstructure
- Sites, attractions and services
- Human Resources
- Doing Business
- Sub-Destinations
- Opportunities for Tourism in the East
Tourism Infrastructure

Rocks

• The major way to get to and travel within the region

• A great deal of investment has been made in the road network since 2009

• Major road arteries are in good condition

• Majority of roads are 2 lane

• Some roads to major attractions are Murom and vary in condition
### Tourism Infrastructure

<table>
<thead>
<tr>
<th>Destination</th>
<th>Trincomalee</th>
<th>Passikudah</th>
<th>Batticaloa</th>
<th>Ampara</th>
<th>Arugam Bay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombo</td>
<td>275</td>
<td>310</td>
<td>330</td>
<td>320</td>
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<td>Kandy</td>
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<td>Polonnaruwa</td>
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<td>Bandaranaike Airport</td>
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<td>Mattala Airport</td>
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<tr>
<td>Trincomalee</td>
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<td>Passikudah</td>
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<tr>
<td>Batticaloa</td>
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<td>Ampara</td>
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<tr>
<td>Arugam Bay</td>
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</table>

(Distances in KM; hours by private car to public bus)
Air

- Ampara, Batticaloa, and Trincomalee towns each have airstrips, but all within Air Force bases.
- Helitours (owned by the Air Force) runs flights to each destination from Ratmalana Air Force south of Colombo.
- Cinnamon Air offer flights to Batticaloa from Bandaranaike International Airport (offering 25% discount at present).
- Access and capacity on flights is limited and not used by visitors.
Tourism Superstructure

• Central and Regional Government interest and investment in tourism has been growing since 2009.

• Development of tourism seen as an economic pillar for the Eastern Province

• 1,300 SLTDA registered rooms in the Eastern Province

• Reported occupancies grown from <20% (pre 2009) to around 75%

• Goal to add an additional 5,000 rooms by 2016 (3,650,000 additional annual available bed nights)

• Goal to increase visitation by 50,000 people/year through 2016 (750,000 more bed nights by 2016)
Tourism Superstructure

- **Goals for rooms and visitation by 2016 do not match.**

- Room goal would depress occupancy rates.

- Need to adjust room goal to better match visitation (demand)

- Adjusted goal would add 1,700-1,800 rooms to the region and maintain reasonable occupancies.
Tourism Superstructure

- 1,000 – 1,200 rooms under construction (444 in Passikudah)

- Kuchchaveli – 500 acres allocated for tourism development, 150 acres for accommodation facilities.

- Adjusted goal would mean 600-800 additional registered rooms brought online by 2016
  - Resorts (300-400 rooms – 4-6 resorts/hotels)
  - Small Accommodations (300-400 rooms – 30-40 SME’s)

- **It’s more than just rooms** - Need to focus on supporting the development of a mix of accommodation options and complimentary services
## Inventory of Tourism Assets

<table>
<thead>
<tr>
<th>Accommodation</th>
<th>Attractions and Activities</th>
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</thead>
<tbody>
<tr>
<td>Accommodation Facilities</td>
<td>Natural Sites: 21</td>
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<tr>
<td>Rooms</td>
<td>Cultural/Historic: 22</td>
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<tr>
<td>Capacity</td>
<td>Food &amp; Beverage: 36</td>
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<td>SLTDA Registered Facilities</td>
<td>Shopping: 10</td>
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<td></td>
<td>Activities Types: 15</td>
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<td>Activity providers: ~30</td>
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<tr>
<td></td>
<td>Opportunities Types: 8</td>
</tr>
</tbody>
</table>

- Accommodation Facilities: 190
- Rooms: 2,200
- Capacity: 7,670
- SLTDA Registered Facilities: 77
- Natural Sites: 21
- Cultural/Historic: 22
- Food & Beverage: 36
- Shopping: 10
- Activities Types: 15
- Activity providers: ~30
- Opportunities Types: 8
Human Resources

- The capacity and availability of skilled workers is an issue across the region.
- The level of understanding of the tourism sector is also limited.
- Skilled jobs tend to go to people from outside of the region.
- Local employment in graded hotels between 30-70%.
- Human resource capacity needs can be broken into three major components:
  1. Understanding of tourism sector
  2. The practical skills needed to service the tourism sector
  3. The formal education system to support the tourism sector.
Understanding the Tourism Sector

Many business owners, investors and managers, especially SME’s, need a better understanding of the tourism sector.

• Looking at the bigger picture (the destination) and how their business fits into the bigger picture

• What they can do to develop more market appropriate facilities (design and finishing)

• Understand, attracting and servicing target markets

• Pricing, price consistency and value for money based on target markets and services
Human Resources

Practical Skill Development

- **Practical and consistent vocational training identified as the most important human resource need**

- Some efforts to provide training, but limited and inconsistent

- Opportunity for permanent vocational training program:
  - Should be practical and demand driven
  - Should be flexible/updated annually
  - Should be mobile (go to tourism hubs) rather than fixed (physical training facility)
  - Should be based around the seasons
  - Focus on language development as well as front and back office staff
  - Should be run as a business
  - Needs to be government certified (curriculum)
Human Resources

Formal Education for the Tourism Sector

• Eastern University (Eravur, Batticaloa)
  • Trincomalee satellite campus
  • Proposal drafted for Tourism & Hospitality Mgmt Dept.
  • High interest, lack of funds
• Tourism & Hotel Mgmt course @ Trinco campus
  • Guest professor, Dr. Gnanapala, Sabaragamuwa University
  • 50 students
  • 45 hour course
  • High demand
• Southeastern University (Oluvil, Ampara)
  • Proposal drafted and funding secured for Tourism Management Dept.
  • Need guidance in curriculum development
Private investment in the region’s tourism sector has grown significantly since 2009.

Nilaveli, Kuchchaveli and Passikudah are the main target for large scale development.

Smaller scale investments also occurring, mainly through private capital or raised through friends and family.

Access to capital issues include:
- Debt financing for SME’s
- Land ownership issues in Ampara and Arugam Bay

Regulatory system between SLTDA and businesses inefficient.
Doing Business

Access to Capital – Commercial Debt

• Debt financing for SME’s an issue throughout the region

• Lending rates between 16% - 24% (commercial loans at the higher end)

• Loan terms 3 to 5 years

• Grace periods (6-months) only for micro loans (up to $2-3000)

• Most loans require personal assets rather than businesses assets (unless well established)
Access to Capital – Land Ownership

- Land ownership issues in Ampara and Arugam Bay

- Ampara Town
  - Land under Jayapoomi grants
  - Cannot access commercial loans
  - More established businesses willing to switch to a long-term lease
  - Time to covert land to lease up to 7-years

- Arugam Bay
  - Land under permit and Jayapoomi grants
  - Cannot access commercial loans
  - Unwillingness to change status due to:
    - Fear of losing land
    - Unwilling to pay lease fees
Doing Business

SLTDA Regulatory System

- The majority of businesses (SME’s) did not perceive any benefit from SLTDA

- SLTDA one-stop-shop is of limited use for small and medium businesses
  - Regulations and registration cumbersome and inefficient (e.g. liquor licensing)
  - No flexibility or support for SME’s to become graded or upgrade rating
  - When businesses upgrade their facilities, the process for review takes a long time or not at all

- Inefficiencies lead to businesses deciding not both registering, upgrading, etc. or operating under the radar.
Destination Analysis

Tourism Hubs
- Trincomalee
- Passikudah
- Batticaloa
- Ampara
- Arugam Bay
Opportunities for Tourism in the East

Specific Opportunities in the Region

- Bikes, Birds and Broader Tours of the East
- Farm-to-Table Linked to Tours and Activities
- Rural Producers Network
- Handloom and Other Craft Products
- SME Support Network
Opportunities for Tourism in the East

**Anchor Products**

Batticaloa Fort
- A major, yet underutilized tourism asset
- Need to help Govt. organize other offices
- Prime for private investment

Waterside Development in Trincomalee
- Need a hub for tourism in the town
- Inner harbor undeveloped but a prime site
- Develop the old buildings of the inner harbor to attract restaurants, shops, hotel, etc.

National Parks Near Arugam Bay
- Need to promote shoulder season activities
- Parks are the most tangible opportunity after surfing
- Product enhancement in the park and formalization of Jeep safari’s a great opportunity
Conclusions

Access
Conclusions

Tourism is likely grow in the East, the question is how **effectively** will it improve the livelihoods of people from the Province and how **sustainable** it will be for the long-term success of the region.

To guide and strengthen tourism development in the region:

1. Build on existing Sri Lankan tourism
2. Support the enhancement and development of small and medium businesses in the sector through technical assistance and capacity building
3. Invest in tourism products that can act as anchors to attract and retain visitors
4. Help SLTDA improve their relationship and support to small and medium size tourism businesses
Risk Management and Tourism Recovery
Risk Management and Tourism Recovery

**Points to Consider:**

**Short-Term**

1. Coordinated and clear communication is key
2. Ensure Safety, stability and Security before bringing people back
3. Collaboration among all parties involved – Common voice
4. PR, marketing and communication
5. Destination focus – what works now?
Risk Management and Tourism Recovery

Points to Consider:

Longer-Term
1. Continued clear communication and promotion
2. Infrastructure/access (Into and around a destination)
3. Superstructure
4. Sites, attractions, services
5. Human Resources
6. Policy and enabling environment
7. Learn and plan for similar events in the future
Risk Management and Tourism Recovery

• Learn and plan for the future