



Kalpitiya Island Resort

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Progress up to 2019

2 investors with lease agreements signed in 2010 for a total 4 islands out of the 12. However, despite lease agreements, none of the projects had moved forward. This was a result of one investor having issues in obtaining approval to use the seabed for water bungalows, and the other investor having concerns on the community occupying a relatively small part of the island.

Progress 2020-21

During the last 2 years, approval was obtained from the Cabinet of Ministers to construct water bungalows and currently work is in progress with consultation of stakeholders. Additionally, all necessary approvals were obtained for the 4 new investor projects targeting 4 different islands.

Further, 3 more investments for 3 other islands obtained the necessary approvals and are currently in the valuation stage.

Thus, by third quarter of 2022, expectation is to have 11 out of the 12 islands leased out and projects to commence the implementation stage.

Details and Background

- Gazette notification was published in 2005 announcing islands identified for tourism.
- In 2007 by Gazette notification Kalpitiya Tourism Development Area (TDA).
- Accordingly following 12 Islands in Kalpitiya were vested to SLTDA in 2010 by a Presidential Grant for Tourism Development.

No.	Island	Land Area Vested with SLTDA (Ha)
01	Battalangunduwa	118.1095
02	Vellai I	1.4940
03	Vellai II	9.1160
04	Vellai III	13.1620
05	Uchchamuni	443.6257
06	Ippantivu	46.2820
07	Periya Arachchalai	44.4170
08	Sinna Arachchalai	16.6340
09	Eramutivu	90.569
10	Sinna Eramutive	2.21130
11	Eramutivu West	4.2520
12	Kakativu	27.1500

In 2009 A strategic Environmental Assessment Study was carried out enabling environmental clearances for the private sector projects and as per the cabinet approved procurement committee requirement bidding documents were submitted and approved in 2009.

In 2009 Newspaper advertisement published inviting investors to send their bidding documents and submission of bid documents were opened in September 2009 and closed in November 2009 by a special committee.

The evaluation process of proposals continued but was suddenly stopped as per the request of the then Ministry of Finance and Planning.

Thereafter, a decision had been made to call individual proposals for islands and a Special Cabinet Appointed Evaluation Committee was setup by the Economic Development Ministry.

The committee was headed by an Additional Secretary to Ministry of Economic Development and request was sent to all the previous bidders to send proposals to the new committee.

However, proposals were resubmitted only by Vellai I, II, III and Ippantive island (for two investment projects). As per the committee approval, board approval was granted to lease lands for 30 years to the following islands,

Vellai I, II & III Islands

Ippantive Island

Current Status of the two projects

Vellai Island I, II & III

In 2010 with necessary approvals the islands were leased out for 30 years. The investor received approval in 2012 from Coast Conservation Department to construct 04 water bungalow near Vellai island and monitor for full monsoon period. However, later issues were raised on the ownership of the water bed, halting the progress of the project. Subsequently, SLTDA was not able to get proper direction on the approving agency for water bungalows, resulting in undue delays and awaited direction from Land Commissioner. During the 2020-21 period the Cabinet Ministers approval to construct water bungalows was obtained. With this clearance, the investor had informed SLTDA that they have selected the contractor to carry the construction works and will submit the revised time plan to the SLTDA in 2022. In the SCOPE meetings arranged by Sri Lanka Tourism together with investors and all line agencies, any disputes/concerns will be addressed.

Ippantivu Island

In 2010 with necessary approvals, the island was leased out for 30 years. Subsequently the investor requested to resolve the fishing community issue either by relocating them to one corner of the island or to a different island. Thereafter, the SLTDA Identified and surveyed 10 acres of land to relocate the fishermen as agreed by the fishing community, but later the fishing community refused to shift to the identified area. Due to this issue, the investor is not willing to proceed and hence, the project is on hold.

In late 2019, the SLTDA had contacted the investor and requested them to take a decision either way. SLTDA was then informed that they intend to meet the Hon. Tourism Minister and the SLTDA officials together with Indian High Commission officers to resolve this issue and this meeting was planned for end March 2020. However due to the pandemic, this did not materialize and the meeting will be held at the earliest to arrive at a decision.

2020 & 2021 Progress of other islands

In 2019, based on the instructions of the Secretary Ministry of Tourism, the SLTDA started looking for investors to lease out the islands/lands for 30 years as per land alienation policy.

Progress made during 2020-21 are as follows.

No.	Investor Name	Land Extent	Investment	Status
1	A	Sinna Eramaitivu island (5.6 ares)	USD 2 Million	Agreement signed.
2	B	10 acres	Rs.750 Million	All approvals received and pending response from investor to select a part of an Island.
3	C	Uchchamunai Island (449.3 Hectares)	USD 417.5 Million	All approvals received & draft agreement finalized. Await investor to transfer payment and fix the date to sign the lease agreement.
4	D	Sinnarachichalai Island (41.56 acres)	USD 5.1 Million	All approvals received & draft agreement finalized. Await investor to transfer payment and fix the date to sign the lease agreement.
5	E	Periyarichchalai Island (109 acres)	USD 17 Million	All approvals received and awaiting the land valuation to sign lease agreement.
6	F	67.089 acres (Kakaitivu island)	USD 1.0 Million	
7	G	Eramativu West Island (4.2520 Hectares)	USD 0.6 Million	
8	H	Eramativu Island (90.56 Hectares)	USD 10 Million	

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KEY DIAGRAM

TOURISM DEVELOPMENT AREA AT KALPITIYA

SRI LANKA TOURISM DEVELOPMENT AUTHORITY

