

Business Times**Other Business Times Articles****Kalpitiya resort bids cancelled****Another tender bites the dust****By Duruthu Edirimuni Chandrasekera**

Another major government tender has run into trouble. The Cabinet-appointed Procurement Committee for the Kalpitiya Integrated Tourism Resort Project (KITRP) has recommended that the Expressions of Interests (EOIs) that were called last year to develop this zone should be cancelled.

At the same time direct negotiations between the Treasury and interested parties have been encouraged by Treasury officials, according to informed sources. This follows a meeting Treasury Secretary Dr. P.B. Jayasundera had with some of the short-listed parties last month. "Dr Jayasundera has told tourism industry stalwarts that the government has decided to entertain unsolicited bids for the Kalpitiya state lands for 99-year leases at Rs 20 million per acre there, at a Tourism Industry Consultative Committee (TICC) meeting held two weeks ago," a source told the Business Times.

The Procurement Committee comprising secretaries to ministries, has not recommended any of the six parties that were short listed by the Technical Evaluation Committee (TEC) examining the Kalpitiya bids because "there were no well-known tourism industry names."

The source said the TEC has submitted their recommendations and the tender board was to meet to discuss the TEC's recommendations, but the latest is that the Procurement Committee has rejected the short listed applicants as well.

The source said that Dr Jayasundera told the TICC that only about 20 entities and individuals will be entertained for this project. But the industry laments that this is not in line with Mahinda Chintanaya, because with Rs 20 million per acre it will work out to about Rs 500 million per person - only for the land (if only 20 entities are to be given this land which has 500 acres, the math works out to about 25 acres per entity). "Only foreigners can afford this type of money. If the government's policy is to encourage local entrepreneurship, this isn't it, because locals cannot afford these amounts," an applicant for KITRP told the Business Times.

Those who submitted proposals to put up tourist resorts, golf courses, marinas, etc in this zone which was defined as a tourist zone by the Sri Lanka Tourism Authority are Senok Group, Evergreen Hotels, Jetwing Group, Mackwoods Travels, Pathfinder, Sapphire Bay Resorts, Abans, Sun Marina, Ambika Windmills, Upali Travels, Makara and Integrated Resorts. The source said that there were no bids from any western chains.

There are 17 islands in the Kalpitiya area, which is a peninsula that separates the Puttalam lagoon from the Indian Ocean and is about 150 km away from Colombo. Some work has already begun on tourist resorts on two of them by an Indian and a Maldivian firm. Last July the Sri Lanka Tourism Promotion Bureau said that Qube Lanka Leisure, an Indian firm, is to build 200 beach villas worth US\$ 16.8 million and Sun Resorts, a Maldivian firm, is to invest some US\$ 1.2 billion to build 150 water bungalows in two islands.

The islands have a marine sanctuary with a diversity of habitats ranging from bar reefs, flat coastal plains, salt pans, mangroves swamps, salt marshes and vast sand dune beaches.

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