

Tourism fall out in Sri Lanka due to global recession and other reasons, and its implications for poverty reduction

Background Paper for Conference on the " The Impact of the Global Economic Slowdown on Poverty and Sustainable Development in Asia and the Pacific", 28-30 Sept 2009, Hanoi



Prepared by

Karin Fernando and Arunika Meedeniya

cepa
centre for poverty analysis

29 Gregory's Road, Colombo 7, Sri Lanka
Tel: +94 11 2676955-8, Fax: +94 11 2676959

Email: info@cepa.lk
Web: www.cepa.lk

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1. Introduction

The paper has been prepared by the Centre for Poverty Analysis (CEPA) for the poverty network project of ADB. This is a working paper that will be presented at the Asia-wide Regional Conference on "The Impact of the Global Economic Slowdown on Poverty and Sustainable Development in Asia and the Pacific".

This paper will explore if the global recession has changed the tourism industry in Sri Lanka and how or if this change is affecting poverty in the Country. This paper will aim to answer the research questions: has the financial crisis affected tourism in Sri Lanka? If so, to what extent has this impact been felt by the low income households? And what have been the buffers to support the industry. The paper first explores the macro setting that sets out the recent trends in tourism to test the hypothesis of cause and effect and then looks to disaggregate these trends at a micro level to discern how or if there has been an impact on poverty. It will also explore if the domestic tourism market has played a role in cushioning the impacts due changes in international tourism.

The information for this paper was collected through examining/exploring secondary data including official statistics, journal and newspaper articles as well a series of Key Person Interviews (see annex 1). The Key Person interviews were done mainly with officials of tourism associations to represent the view of various service sectors.

2. Tourism and the potential for poverty reduction

Tourism has been one of the fastest growing industries in the world and contributes significantly to the economies of both developing and developed countries. Tourism is seen as sector that can play an important role, not just in increased GDP, but also in terms of poverty alleviation. It can offer income and employment through labour intensive jobs and small-scale business opportunities while also spreading opportunities to areas that are not always economically dynamic such as remote locations with aesthetic or cultural value (see box 1)¹.

However more recently, due to the global recession, the trends for world tourism have been declining. The sector that was recording over 6% growth rate per annum has declined to 2% in 2008. It is expected to record a negative growth rate of 4 - 6% in 2009². In Asia the growth of tourism had been at a rate

Box 1: Benefits of Tourism for poverty reduction

- Tourism stimulates economic growth both at the national and local levels and promotes the growth of the agricultural, industrial and service sectors.
- Tourism provides a wide range of employment opportunities easily accessible by the poor. (Direct market for goods and services, opportunities for micro, small and medium-sized enterprises).
- International and domestic tourism spreads development to poor regions and remote rural areas of a country that may not have benefited from other types of economic development.
- The development of tourism infrastructure can benefit the livelihood of the poor through improvement linked services such as transport, communications, water supply, energy and health services.

Source: Yamakawa, 2007 (online)

¹ Yamakawa, 2007. *Tourism and Poverty Alleviation*. UNESCAP (online)

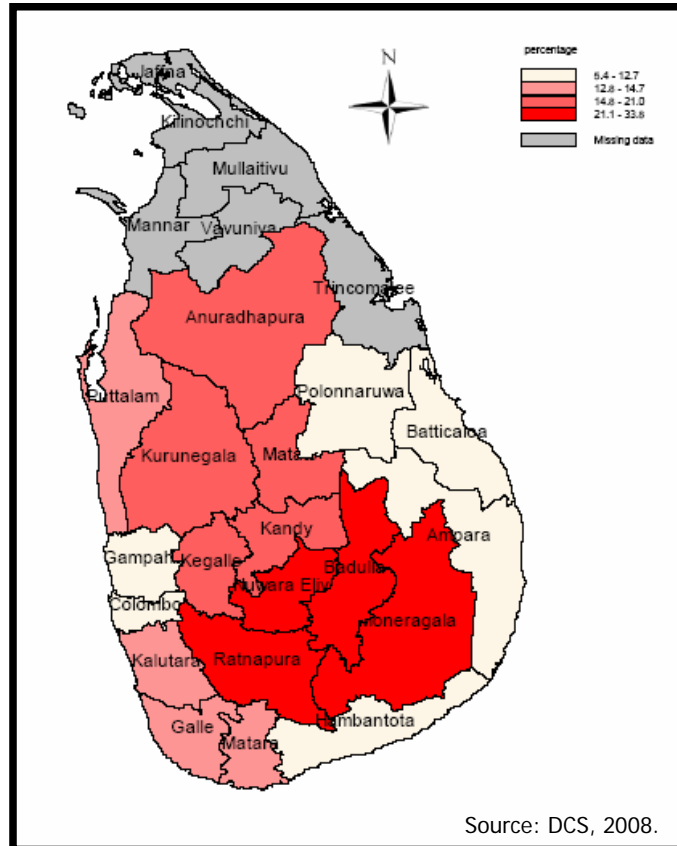
² UNWTO, 2009 (a). *Testing Times for International Tourism* (online)

of 6-8% over the past decade, over twice the rate in industrialized countries³. However in 2008 the Asia recorded a negative growth rate of 3%⁴ that is predicted to fall further to 6% in 2009⁵. As Sri Lanka is also a country within Asia where tourism is important for economic development as well as a poverty reduction strategy, these the global trends are expected to have caused some shocks within the country.

3. Poverty in Sri Lanka

In Sri Lanka, poverty has been declining over time, in terms of the proportion of the population who are below the poverty line⁶. However, there are regional disparities with some districts showing higher levels of poverty (see map 1). Sri Lanka's poverty by sector shows that poverty in the estate sector is higher than the national average while in terms of absolute numbers the urban sector has the greatest number of poor people due to higher population density. However it is the rural sector that is the highest contributor to poverty with over 80% of the poor residing in the rural sector⁷. In each sector the causes for poverty have different features such as the enclave structure of the estate sector, the reliance on agriculture, in rural areas and lack of services, insecure land tenure etc for urban

Map1: Poverty by Districts, Headcount Index (06/07)



areas. However some of the common elements that drive poverty are education levels and reliance on low value employment (i.e wage labour, agriculture).

When looking at employment and household poverty, a coping mechanism for reducing vulnerability is to have a diversified livelihood portfolio with multiple sources of income. Two variables that are critical to the strength of the livelihood portfolio are stability and yield that address vulnerability (stability) and absolute poverty (yield). Therefore if an income or employment source is or becomes unstable or if the income earned from it reduces it will have an impact on poverty and the wellbeing of a household. A best case scenario would be if a household can develop livelihoods that balance stability with high yield.⁸ Tourism can offer alternative income sources that increase the diversity of the livelihood portfolio and

³ Pacific Asia Travel Association (PATA) Tourism Forecast, as quoted by Miththapala, S. 2008. *Contribution from the Tourism Sector for the Eradication of Poverty and Hunger* (presentation)

⁴ UNWTO, 2009 (a). *International Tourism Challenged by Deteriorating World Economy* (online)

⁵ UNWTO, 2009 (b). *Testing Times for International Tourism* (online)

⁶ The per-capita expenditure for a person to be able to meet the nutritional anchor of 2030 kilocalories

⁷ Derived from poverty data from *DCS Household Income and Expenditure Survey 2006/07*

⁸ CEPA, 2009. *Issue Paper on Poverty and Vocational Training*

that can also be a high yield source of employment, but less likely to offer stability due to market fluctuations and types of jobs/services that poor people are likely to be engaged in (i.e casual workers).

There is no available data that shows the extent to which poor households are engaged in the tourism sector in Sri Lanka or the specific types of employment they are involved in. Therefore it is not straight forward to establish the role played by tourism in income portfolios of poor households (specific types of employment, are they primary or supplementary etc). The available macro data shows that when comparing employment types by poor and non poor households, the poor households tend to be in elementary occupations (wage labour), agriculture related work, and employment in the sales and service sectors. It shows that non poor have higher diversity of jobs.

Table 1: Head of the Household by Occupation group -2006/07

Occupation group	Poor %	Non-poor %
Senior Officials and Managers	3.2	96.8
Professionals	0.0	100.0
Technical and Associate professionals	4.0	96.0
Clerks	3.0	97.0
Proprietors and Managers of enterprises	5.2	94.8
Sale and Service workers	16.0	84.0
Skilled agricultural and Fishery workers	12.4	87.6
Craft and Machine operators assemblers and Assemblers	6.1	93.9
Elementary occupations	23.3	76.7

Source: DCS, 2008.

As the table 2 below indicates there is an association with poverty and type of employment. When looking at employment types, households with at least one member employed in informal/irregular jobs have higher than average poverty rates in comparison to those with regular salaried employment. The poverty is highest among those with casual labour, unpaid family employment, contractual work, and self employment, with the strongest link to being to casual labour⁹.

Table 2: Headcount Index by individuals' employment status, 2003/04

Employment Status	Percentage Below the poverty line
Regular employee	7.4
Self-Employed	13.9
Contractual employee	16.7
Unpaid Family Worker	18.1
Casual employee	24.5

Source: Gunewardena, D. et al, 2007.

This same study also indicates that there is a greater chance – or greater incidence, depth and severity of poverty in households where members engaged in jobs such as elementary occupations, agriculture work, craft related work. A second tier of association can be seen with service workers, plant and machinery operators and unspecified workers. Households

⁹ Gunewardena, D. at al 2007. *Absolute and Relative Consumption Poverty in Sri Lanka: Evidence from the Consumer Finance Survey 2003/04*

with family members in professions such as clerks, technicians etc have a weaker association with poverty.

Table 3: Headcount Index by occupation of employment, 2003/04

Occupational category of employment	Percentage Below the poverty line
Clerks in household	2.5
Professionals in household	2.7
Technicians in household	3.6
Legislators, Senior Managers, Officials in household	5.1
Unspecified workers in household	11.0
Plant and Machinery Operators in household	11.9
Service Workers in household	12.9
Craft and related Trades persons in household	16.2
Skilled Agricultural and Fishery workers in household	28.1
Elementary occupation workers in household	33.6

Source: Gunewardena, D. et al, 2007.

Using this information where higher poverty is associated with lower yield and less stable jobs, those households reliant on these type of employment in the tourism sector (i.e casual/wage labourers, locally owned or self employed persons running small guest houses and restaurants, local guides, transport providers (such as three wheelers), those making handcrafts and running local gift shops, as well as farmers as suppliers) can be taken as those that are more likely to be poor. Therefore for this paper connected inferences will be used to explore the effects of tourism on the poor, concentrating on the types of employment that are prevalent among poor households, while also connecting the regional spread of poverty with regional spread of tourism.

4. Tourism Trends in Sri Lanka

4.1. Contribution to the Economy

Through the years, Sri Lanka's highest foreign exchange earners have transformed from being primarily agriculture based to including other industries such as garments and tourism, while more recently foreign remittances are playing a bigger role. Tourism has been the 4th highest foreign exchange earner up until 2007; however it has fallen down to 6th place in 2008 with a decrease in earnings by 12.8%¹⁰.

Table 4: Tourism Contribution to the economy 2004 - 2008

	2004	2005	2006	2007	2008
Foreign Exchange Earnings (US)mn	416	362.3	410.3	384.4	319.5
Percentage dollar value change from previous year		- 12.9%	13.2%	-6.3%	-16.8%
Rank as foreign exchange earners	4 th	4 th	4 th	4 th	6 th

Source: Sri Lanka Tourism Development Authority (SLTDA), Annual reports, 2004 – 2008

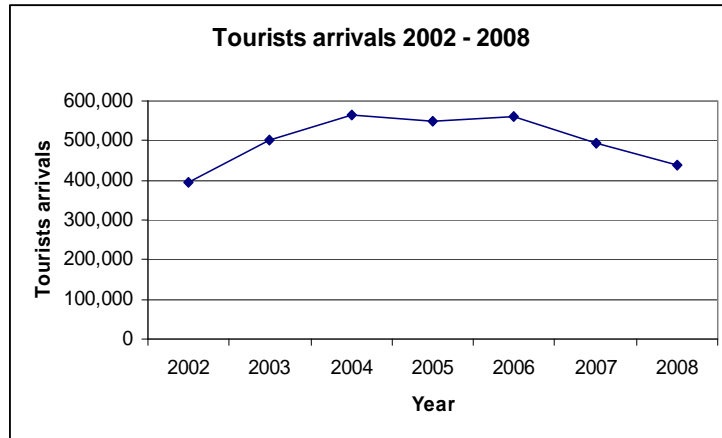
In the past few years, the value generated by the tourism industry has declined and the earning capacity of the sector has reduced sharply.

4.2. Tourist arrivals

The best year for tourists' arrivals on record for Sri Lanka has been in 2004 with 566,202 arrivals. A slow down was experienced from 2006 with a percentage drop of 11.7% in 2007 which continued in 2008, with further drop of 11.2%.

In the past few years Sri Lanka has had to contend with reducing tourist arrivals that has curtailed the growth of the sector.

Graph 1: Trend in tourists arrivals in Sri Lanka

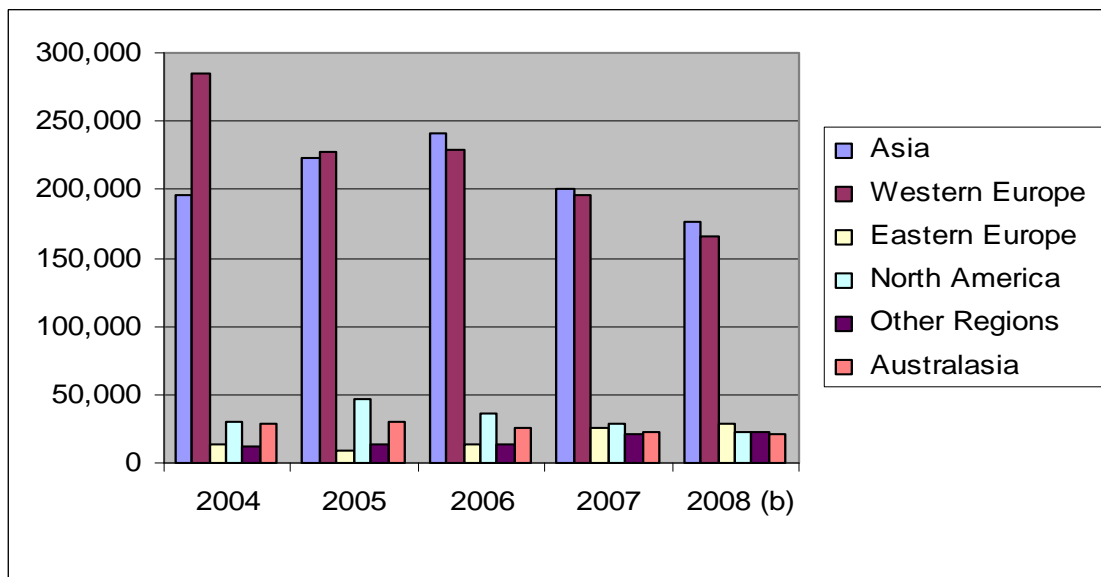


Source: SLTDA Statistics

4.3. Composition of visitors

Traditionally Sri Lanka's biggest tourism market has been from Western Europe (the United Kingdom, Germany and Benelux countries - Belgium, Netherlands and Luxemburg). Of late although a large market share still consists of travelers from Western Europe, with the UK and Germany being the highest single country arrivals from the region, travelers from Asian countries (mainly India) now take the top spot in terms of numbers of arrivals.

Graph 2: Tourists' arrivals by major regions 2004 - 2008



(b) refers to provisional data

Source: SLTDA Statistics

¹⁰ Sri Lanka Tourism Development Authority (SLTDA), 2008. *Annual Report 2008*.

When looking at the Asian market it can be linked with the fact that Sri Lanka is a relatively cheap destination in Asia and more Asians are travelling within the region. A large majority of those coming to Sri Lanka are Indian and tourism professionals stated that Indians who travel to Sri Lanka for trade and business purposes are also recorded as tourists and this distorts the numbers of travelers here for pleasure and recreation. However even those here on business do contribute to the sector, especially in terms of city based tourism and short excursions. The trends however even among the Asian travelers show a decline in terms of numbers.

This change in composition, has resulted in changes in travel interests:

Three years back the number one in tourists' arrivals was Britain, but now India has taken the number one in tourists' arrivals to Sri Lanka. When British come they go around Sri Lanka. Germans, Italians and Russians also do the same. They do a round trip. But in the case of Indians they normally visit Kandy temple, Anuradhapura, Polonnaruwa and Ramayana places like rawana cave. They normally stay one night in a beach hotel.

Representative, National Tourist Guide Lecturers' Association of Sri Lanka

Within these changing scenarios there were some markets that remained more stable and helped to prop up the industry – these were the categories listed as visiting friends and relatives, returning guests and those here for weddings/honeymoons. Even among these sectors however a drop has been perceived.

One of the buffers have been the returning western tourists – which is about 20% of the visitors to Sri Lanka. They have built strong relationships and links with the hotels and staff and despite the travel warnings, they continue to come. However there might have been a drop in this as well based on the fact that due to the prevailing situation of availability of money and security risks they decided to put it off.

Deputy Director - Domestic Tourism, Sri Lanka Tourism Development Authority

More recently visitors from Middle East market have stepped in to fill some of the slack due to the reduction in the traditional market. This has created a new market segment for Sri Lanka's tourism industry. This new market segment has also meant some changes in travel patterns, including visiting Sri Lanka in the off season (june – july) as well as having no preference to where they want to go in Sri Lanka.

Non-traditional tourists such as Middle Eastern people go all over the country whereas traditional tourists are more likely to repeat the places they visit.

President, Association of Small and Medium Enterprises in Tourism Sri Lanka

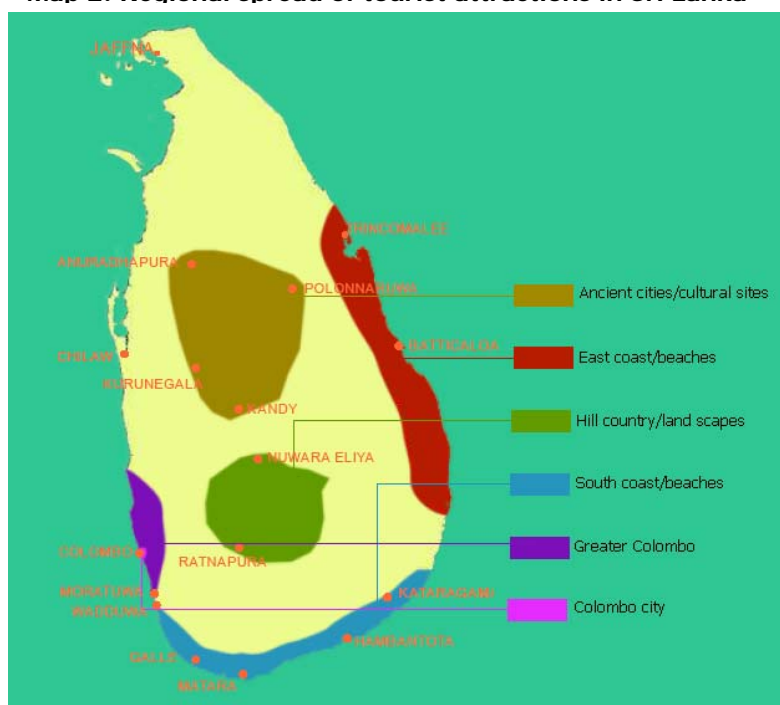
Another change has been a switch from large group packages tours to Free and Independent Travelers (FITs) changing the type of travelers to Sri Lanka.

Overall in terms of composition of travelers, the last few years have seen a change from traditional Western European Tourist to Asians. Among both groups however a drop in numbers has taken place. Some markets such as the returning tourists and visiting friends and relatives have remained stable while Middle Eastern travelers as well more Free and Independent Travelers (Fits) have entered the market and can be considered buffers for the industry during the past few years.

4.4. Interests of visitors

Sri Lanka's tourist attractions show a regional break up: the south coast is known for its beaches, the central hills for its scenery and cool climate, the north central for historical and cultural heritage and the western areas for more urban landscapes. Natural attractions such as wild life parks or forest systems are also a part of Sri Lanka's tourism attractions and offer a rich diversity across the country. Therefore this diversity of attractions has allowed the opportunities of tourism to reach different parts of the island, bringing in local economic development as well as opportunities to diversify income options.

Map 2: Regional spread of tourist attractions in Sri Lanka



The lure of the climate and the beach seems to hold firm as the most popular reason for tourists to visit Sri Lanka – this has been the traditional market and it remains unchanged. Other locations and attractions remain secondary and are visited while in the country.

An Airport survey carried out in 2008 shows that most of the visitors' first choice is for sun and beach regardless of which of the country they come from. Other popular reasons are for cultural events, historic sites, wild life, shopping and for religious purposes.

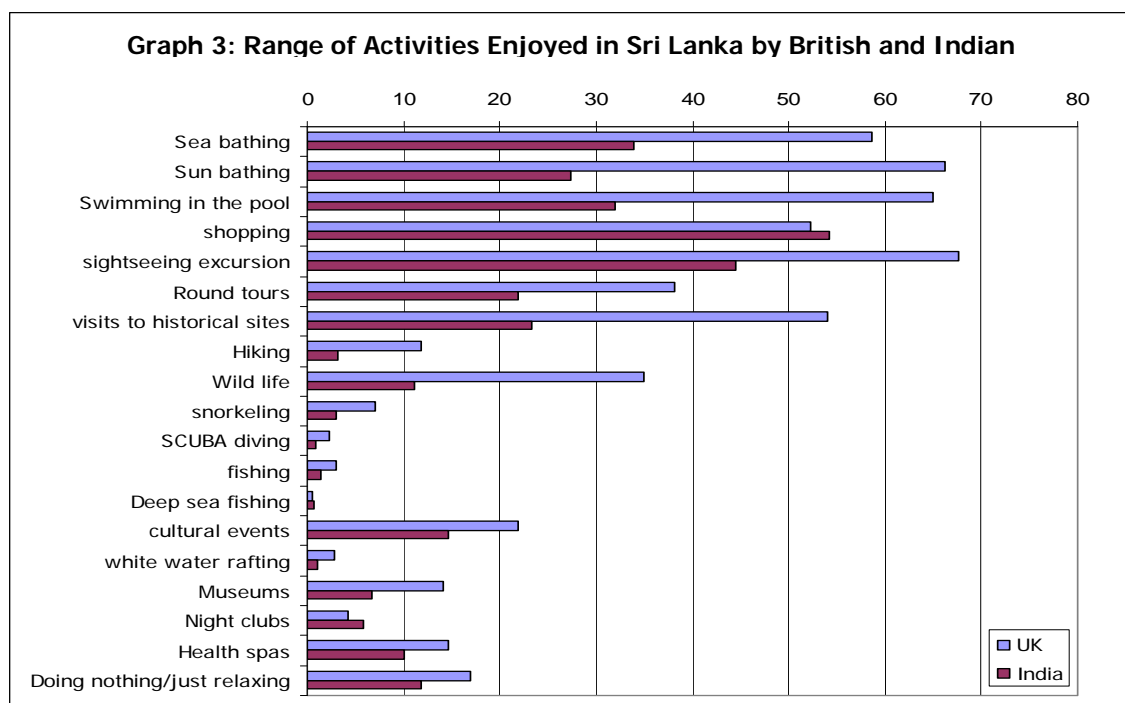
Source: SLTDA, 2008. Annual statistical report 2008

Table 6: Visitor interests in visiting Sri Lanka

Country	Sun & Beach (%)	Cultural events (%)	Historic Sites (%)	Wild life (%)	Shopping (%)	Adventure (%)	Water sports (%)	Religious (%)
UK	69.34	7.79	12.73	6.18	1.24	0.49	0.87	1.36
India	52.84	12.78	16.76	4.26	8.52	0.57	0.57	3.69
Germany	80.22	7.05	5.96	3.25	1.63	0.81	0.54	0.54
France	60.80	11.20	20.80	3.20	0.80	1.60	0.80	0.80
Middle East	57.80	13.76	12.84	3.67	6.42	1.83	0.00	3.67
Russia	82.05	5.13	7.69	1.71	0.00	2.56	0.85	0.00
Benelux	62.71	13.56	11.86	10.17	1.69	0.00	0.00	0.00
Italy	65.52	8.62	15.52	1.72	5.17	1.72	0.00	1.72
Japan	53.66	14.63	19.51	0.00	4.88	0.00	4.88	2.44
Scandinavia	55.81	13.95	9.30	2.33	4.65	11.63	2.33	0.00
China	61.76	11.76	20.59	0.00	2.94	2.94	0.00	0.00

Source: SLTDA 2009. Airport Survey Statistics

As chart below depicts, when looking at Sri Lanka's two top tourist markets it shows that a greater percentage of tourists from the UK tend to have a more diverse range of interests and therefore a drop in British market (and western markets – that show similar interests) has implications for the spread of income (geographically and activity based) that was earned from visitors during the past few years.



Source: SLTDA 2009. Airport Survey Statistics

The table 7 below shows the geographic spread, captured in terms time spent at lodging facilities and it shows comparatively and consistently there are more guests in the south and Colombo areas, while fewer numbers and greater fluctuations for the ancient cities, and hill country areas. In the South a sharp drop in guests is seen in 2005 which can be linked to the tsunami. It shows recovery in 2006, which indicates its popularity as an attraction, however the numbers have not returned back to pre tsunami conditions. In the hill country the steady decline can be related to less time spent in the country and changing interest and composition of the markets indicating that less regional travel was undertaken. In the cultural triangle, the declining numbers can be linked to the security situation and travel advisories that were issued for this area.

Table 7: Regional Distribution of the Tourist trade

Resort Region	2004			2005			2006			2007			2008 (a)		
	No. of Establishments (b)	No. of Rooms	Foreign Guest Nights '000	No. of Establishments (b)	No. of Rooms	Foreign Guest Nights '000	No. of Establishments (b)	No. of Rooms	Foreign Guest Nights '000	No. of Establishments (b)	No. of Rooms	Foreign Guest Nights '000	No. of Establishments (b)	No. of Rooms	Foreign Guest Nights '000
All Island	240	14,322	4,394	223	13,162	2,482	241	14,218	3,134	245	14,604	2,778	256	14,793	2,763
Ancient Cities	44	2,486	816	40	2,428	384	44	2,467	504	44	2,417	325	45	2,582	360
Colombo City	22	2,670	952	25	2,926	875	25	3,209	861	25	3,209	782	29	3,188	708
East Coast	7	263	61	7	178	20	7	184	14	7	184	10	8	230	12
Greater Colombo	50	2,581	706	49	2,490	499	50	2,520	582	52	2,555	589	53	2,651	576
Hill Country	19	690	181	19	709	102	20	726	132	20	734	76	20	772	73
South Coast	98	5,632	1,678	83	4,431	602	95	5,112	1,041	97	5,505	994	101	5,370	1,034

(a) Provisional
(b) Graded Accommodation

Source : Sri Lanka Tourism Development Authority

Table 8: Visitors to the Cultural Triangle Area

Location	Foreign Ticket Sales		
	2006	2007	2008
Round Tickets	51,569	30,501	29,853
Sigiriya	57,874	53,283	55,040
Polonnaruwa	26,322	19,427	26,003
Anuradhapura	2,451	1,299	1,282
Total	138,216	104,510	112,178

Source: SLTDA Annual reports 2006 - 2008

When looking at the foreign visitors to the main cultural attractions in Sri Lanka, sales of round tickets inclusive of ALL three sites have reduced, while tickets only to Anuradhapura, one of Sri Lanka's foremost tourist attractions show a marked difference from the other two sites. While all the sites are in the north central area, Anuradhapura had greater security risks attached. Countries like France, Germany and Australia issued specific advisories against traveling to Anuradhapura. These issues combined with less time spent in the country, tourism in these areas had less business.

In terms of tourist interests, despite the change in composition the main reason for visiting Sri Lanka still remains strongly with the sun/beach sector. However there have been regional effects with less excursions due to reduction in time spent within the country, changes in interests as well as security issues.

4.5 Employment trends

The nature of tourism is such that it provides a range of employment options that increase the dynamism of the industry. It creates employment opportunities that are accessible to poor communities either through employment with the larger tourism service providers (hotels and tour operations) as casual and contract labour, as well as allowing for a variety of small and medium sized operations such as small guest houses, restaurants or individual options such as tour guides, drivers etc. as well as business for crafts and vendors.

With the drop in tourist arrivals, some shocks were experienced in terms of employment and income from the sector. As the table 8 below shows, employment generation in the tourism sector, direct and indirect, has decreased since 2004 with a 14.3% drop from 2007 to 2008.

Table 8: Employment trends

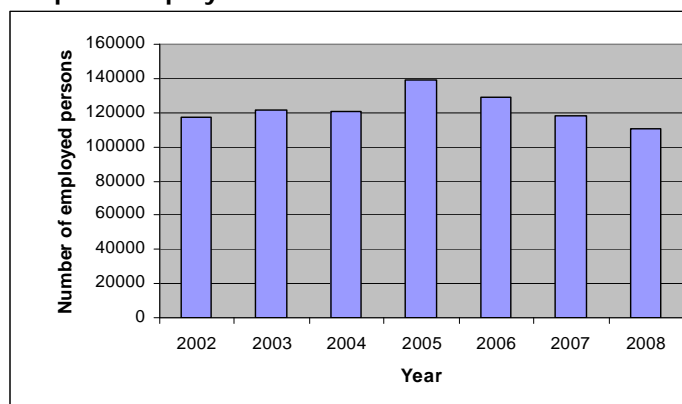
	2004	2005	2006	2007	2008
Number of Employed in the sector (direct and indirect)	129038	125004	133558	145238	124,456
Percentage change from previous year	15%	- 3.1%	6.8%	8.7%	- 14.3%

Source: SLTDA, Annual reports, 2004 – 2008

As graph 4 further elaborates the jobs in hotels and restaurants, two of the main tourist related industries, have been declining since 2006.

The key informants stated that the drop in visitors as well as the change in composition and duration of stay have been felt by all levels of the tourism industry as the income generating capacity has reduced.

Graph 4: Employment in Hotels and Restaurants



Source: SLTDA Statistics

... overall all the employment categories were affected. Lets take an example of the poor who sell king coconuts. Earlier when a bus load of tourists stopped at a place they could sell more, but now they don't get such a flourishing number of tourists.

President, Association of Small and Medium Enterprises in Tourism Sri Lanka

The data also indicates that not only has there been a drop in foreign exchange earned due to the drop in arrivals but also that the amount of foreign exchange earnings per tourist has declined; implying effects on income generating capacities especially of related but not essential tourism services, such as guiding, souvenir and handicrafts trade etc.

Table 9: Foreign Exchange Earnings per Tourist

	2004	2005	2006	2007	2008
Foreign Exchange Earnings per tourist per day	US\$ 5.4	US\$ 2.4	US\$ 8.8	US\$ - 4.3	US\$ -2.4

Source: Sri Lanka Tourism Development Authority, Annual reports, 2004 – 2008

As the data has shown, the changes in trends in the tourism sector in the past few years show a drop in tourist arrivals as well as change in Sri Lanka's main tourist market (from Western European to Asian). These changes have meant that overall revenue and income potential has reduced while it is also showing that regional spread of the income and income per visitor has also reduced.

5. Drivers of Trends

Despite the tourism industries' potential to provide a diverse range of economic stimulants and opportunities, it is also one that is highly sensitive to internal and external shocks. Tourism is essentially driven by the customer's desire to visit places for leisure, for enjoyment, for relaxation, while also needing the time and money to engage in it. Location and itineraries are weighed for the most favourable choices. Financial security is a big determinant of travel options, while risks such as exposure to disasters, threats to safety and security (conflicts, political turmoil, mugging, harassment) and issues such as connectivity and infrastructure also play a role in a visitor's desire and choice to travel to a particular location. Below we take a look at what have been the main drivers of change for Sri Lanka in the recent years.

5.1. The Global Financial Crisis

The global financial crisis began in July 2007 and continues in to 2009 and this has resulted in the slow down of economic performances that has badly affected countries in Western Europe, the United States and Canada. It was also felt by other countries, especially those reliant on export markets and the tourism sector too is said to have been badly affected. As mentioned earlier the decline of the global tourism market is linked to the global recession and financial crisis¹¹.

The economic crisis is having somewhat of a different impact on the tourism sector, since it is not the desire to travel that has been stifled, but it is whether one can afford to spend on travel. This is in line with the grassroots behavioral theory of Maslow's hierarchy of needs, where a person would

¹¹ UNWTO, 2009 (b). *International Tourism Challenged by Deteriorating World Economy* (online)

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postpone discretionary and recreational expenditure in a situation like this, where basic security needs (such as employment) are in jeopardy.

Sri Lal Mithapala – quoted in *Global Travel Industry News*¹²

The reduction in the traveling population can be expected to lead to a reduction in arrivals for countries that depend on them. From 2007 to 2008, tourism dropped to 6th place from 4th place in terms of foreign exchange earnings, implying that there were changes in Sri Lanka's tourism sector due to the financial crisis. As described in section 4.3, the reduction in western travelers to Sri Lanka can be seen as linked to the financial crisis with spill over effect in Sri Lanka as they are taking into consideration costs when they make their travel preferences.

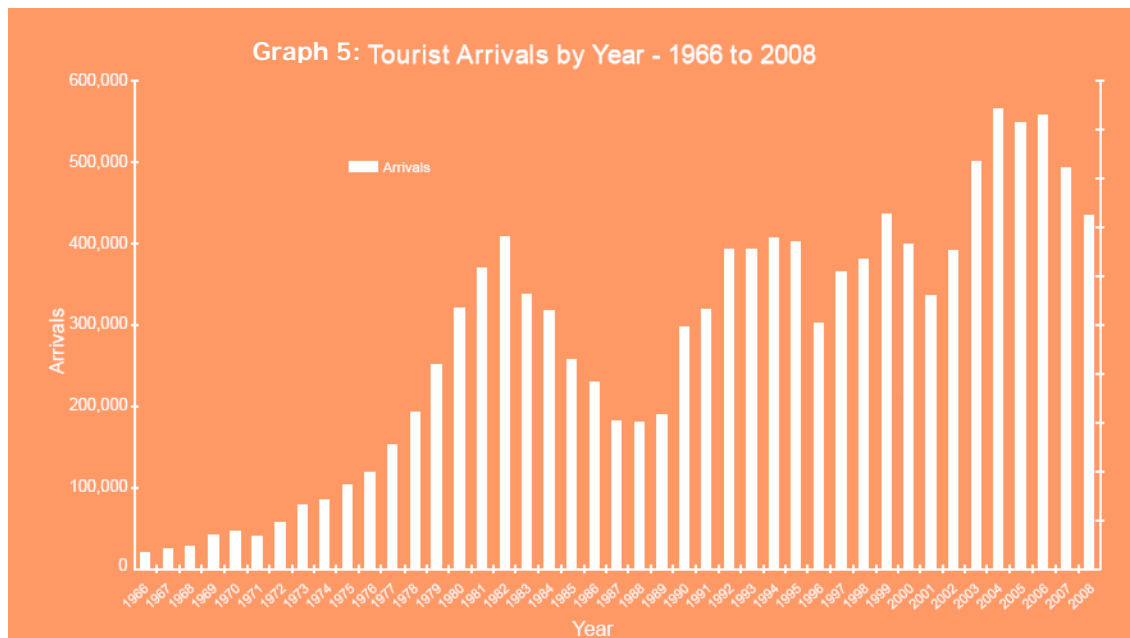
People still want to travel, which is why the short haul sector is doing well. People are looking to travel on smaller budgets. They can drive up to Spain or Portugal instead of coming here. Sri Lanka is still long haul, even though it is relatively cheap. Those who do come have cut down on the duration of their stay. Usually the average stay was 11 nights. Now it has been reduced to 6-7 nights or a week.

President, Tourist Hoteliers Association of Sri Lanka (THASL)

However in the case of Sri Lanka, the drop in tourists has been fluctuating over time, and the most recent decline can be seen from 2006 and cannot be attributed purely to financial crisis that has surfaced in the past 1.5 years.

5.2. Conflict in Sri Lanka as a driver

Sri Lanka has been embroiled in civil strife and armed conflict for the past 30 years. This brings in security as a risk factor which is also a deterrent in the tourism industry.



Source: Annual statistical report 2008, Sri Lanka tourism Development Authority

As shown in the graph 5, the foreign tourist arrivals were on an upward trend until 1983. From that point on, the start to the armed conflict in the North and East and the July riots

¹² Mithapala, S, 2009. *Sri Lanka Tourism – where are you going?* (online).

and civil unrest in Colombo (Sri Lanka's main connection point for tourists) the tourism sector started to fluctuate. By matching the tourism trend with a conflict timeline, the dips correspond with certain events related to the civil unrest. The dip in 1989 was a result of the combined effects of the civil war in the North and the JVP uprising in the South. In 1993 there were several incidences throughout the year, while in 1996 the Central Bank bombing in January followed by a train bombing in May and other scattered incidences did not allow for the industry to recover, and recorded an all time low in arrivals.

In the millennium, the shocks were in 2002 prior to the signing of the peace accord in September and cessation of armed conflict after that point corresponds with the growth in the sector in 2003 and 2004. Again in 2007 the first aerial raid carried out by the LTTE targeted the international airport that serves as the base for the Sri Lanka Air Force. This then increased the security threat with direct repercussions on the tourism industry with a reduction of flights to Sri Lanka. By 2008, the civil war had intensified and many travel restrictions and advisories were in place that deterred tourists from traveling to Sri Lanka.

The conflict has had a significant role to play in the decline of the tourism sector and has restricted its growth over time.

5.3. Asian Tsunami

When looking at other major events or factors that could have impacted Sri Lanka in the recent times, the 2004 Asian tsunami that hit Sri Lanka's major tourism attraction, the beach sector at the peak of tourist season can be considered. Interestingly however, there was only a slight drop in arrivals (3% in relation to the previous year). This could be due to the fact that there was an influx of foreign visitors who arrived as aid workers who have undertaken travel as expatriates and the large scale promotional campaigns have led to increased interest and visits to the country.

Instead of being a deterrent the tsunami is seen to have brought in support to restart the industry:

There is an important point to be kept in mind that the most of the funds for tsunami victims were given by those who had visited Sri Lanka at one point as tourists.

President, Sri Lanka Association of Inbound Tour Operators (SLAITO)

The Tsunami therefore impacted the industry, especially the south coast beach sector but it also shows recovery in 2006 and also showing mixed effects on the tourism sector in general.

Overall, in the case of Sri Lanka the main financial crisis happened parallel to the intensification of the armed conflict, the risk factor of coming to Sri Lanka was very high. The general feeling expressed by the different industry professionals is that the repercussions of the civil conflict outweighed the effects by the financial crisis, but that there still was an effect with drops in arrivals and drops in income earned.

This [2008] was also the period where the economic crisis was taking place. So there was a combined effect of the conflict and crisis, but in comparison the crisis was negligible. The sector has suffered much more due to the war.

Deputy Director - Domestic Tourism, Sri Lanka Tourism Development Authority

There was a drop in arrivals one year back which was the beginning of the financial crisis, but the drop in the tourists' arrivals to Sri Lanka during the past two – three years cannot be explained stand

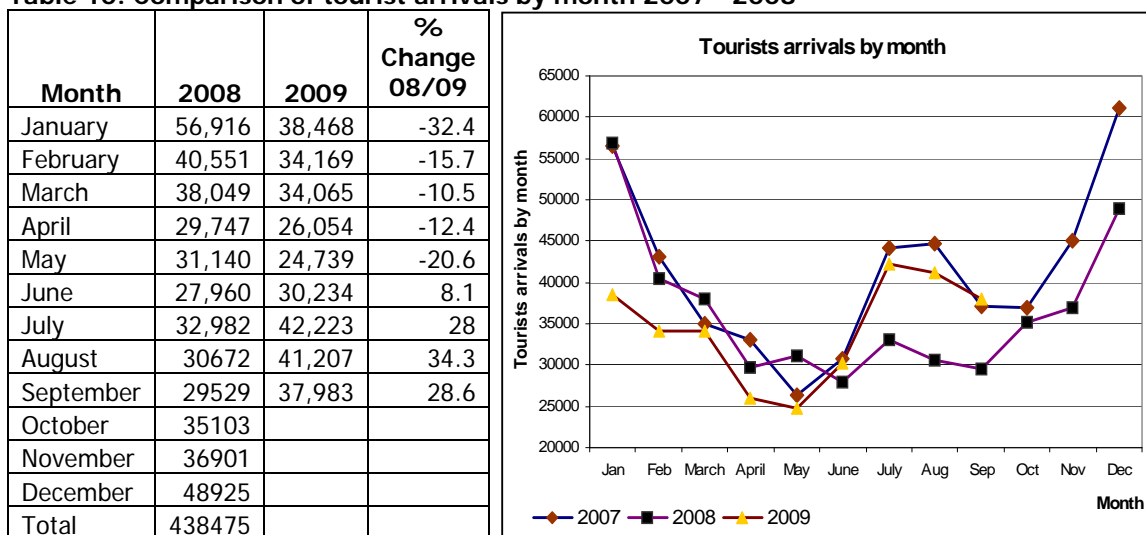
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alone by the crisis, because it had a strong impact from the security situation that prevailed in Sri Lanka.

President, Association of Small and Medium Enterprises in Tourism Sri Lanka

This rationalization seems to be holding true as soon after the cessation of armed conflicts in Sri Lanka in May 2009, tourists arrivals have picked up, even in the off peak period and are expected to show better results in the peak season (Nov 2009 to Jan 2010).

Table 10: Comparison of tourist arrivals by month 2007 - 2008



Source: compiled from SLTDA monthly statistics reports

Overall tourism has been one of Sri Lanka's larger revenue and employment generators, however it has been operating as less than optimal levels for a number of years, due to the conflict. This situation was further aggravated by the financial crisis and the related changes in numbers, composition, spending patterns, geographic spread of tourists visiting Sri Lanka can be seen as a result.

6. The Micro Picture – the effects on the poor

In the tourism sector, a whole host of tourism services such as guides, transport providers, handicrafts sellers, restaurants, regional excursion owners (safari, diving etc) are reliant on the tour companies and the larger hotel sector, to bring in the guests. There is very little promotion of the smaller entities while sectors such as handicrafts, transport providers, restaurants etc, are in a sense by-products that increase the dynamism of the travel experience. This industry as it operates today is driven on a trickle down basis, where the larger players control the market.

It is basic supply and demand. No one will come to Sri Lanka to buy a mask. They will come to a hotel and then drive down to Ambalangoda to buy a mask. The hotels have to fill for the informal sector to thrive. That's where the poverty angle would come in. When the number of tourists drop it affects the small people.

President, Tourist Hoteliers Association of Sri Lanka (THASL)

6.1 Impacts Employment Opportunities of the Poor

Based on the overall structure of poverty presented in section 2, the types of broad employment categories that poor households would engage in that can fall into the tourism industry are taken to be jobs in such as casual/wage employment, self employed options that takes place in the tourist destinations (regions) in Sri Lanka such as providing services like lodging, transport, food, handicrafts and other souvenirs, guiding, boating etc., as well as agriculture related jobs that provide food supplies to the industry. This section looks at what could have been the impacts for these types of jobs.

6.1.1 Employment in “formal” tourism businesses

In the Sri Lankan tourism sector there are established businesses that are registered with the Sri Lanka Tourism Development Authority (SLTDA) that are considered formal enterprises. These mainly include hotels, restaurants and travel agents. All size categories from small to large are included and can be treated as formal enterprises if they are registered. Within these establishments a range of job categories from managers to technical staff to labourers can be found. The key person interviews stated that there has been reduction in business, and this has affected employment, especially at the lower end:

Staff are on permanent, contract and casual basis. The first to go are the casuals, then the contractual staff. There was a 20% shed of staff during the height of the problem, during 6-8 months in 2008. Because of the labour laws in the country, no hotels cut permanent staff. No one went to labour tribunals like they did in the garment industry. Also, because of the type of operation, hotels can close a wing and adjust the remaining cadre accordingly. There were no formal job cuts”

President, Tourist Hoteliers Association of Sri Lanka (THASL)

This indicates that there was a specific loss of employment in the job categories normally associated with poor people – i.e casual, wage labour. Therefore this reduction in staff practiced as a cost cutting measure by the industry can be seen to have had an impact on the poor people.

6.1.2 Employment in the “informal” and indirect businesses.

The informal enterprises can be in terms of referred to as unregistered businesses that include small scale businesses, independent operators such as guides as well the indirect category seen as those supplying fruits, vegetables, craftsmen, performers, transport providers etc. People employed both informally and indirectly in the tourism sector is estimated to be three times as much as those involved directly¹³. These are also employment options that feature in poor people’s livelihood portfolios and therefore the drop in tourism could have impacted these service areas. This section describes some effects experienced by informal sector engaged in providing lodging and food, one of the largest types of employment in the tourism sector and tour guides, a type of service provider geared solely for tourism.

Effects of the changing trends in tourism on small scale lodging and restaurant operators

The interviews carried out with hotel sector professionals acknowledged that there was less business for the smaller establishments. Reasons being that larger hotels were offering reduced prices on rooms and tours while practices such as all inclusive packages detracted

¹³ President, Tourist Hoteliers Association of Sri Lanka (THASL)

business from local /smaller restaurants. These types of practices in a situation where the tourist is also looking to cut costs due to financial constraints, has not been beneficial to the local businesses and the local economies.

In addition to cumulative effect of the drop in arrivals, change in composition of tourists, spending less time in country and reduction in regional travel has meant less income spread, that has reduced the income generating capacity of those engaged in the tourism sector at the informal level.

There has been a drop income generated and the spread of income. Both are higher with western tourists, who spend more and also spread it wider – in terms of the services they use, and also as they tend to travel regionally and for different attractions, so there is more geographical spread of the yield. So the change in composition has meant lower per diem yields.

Deputy Director - Domestic Tourism, Sri Lanka Tourism Development Authority

All those interviewed also referred to the fact that now the tourists who are coming are also spending less, therefore prices are being reduced and this has impacted the potential gains from the sector.

On the positive side, in terms of the independent traveler, a new and growing market segment, who are looking for a travel experience with more local interactions as well as cheaper options, the smaller guest houses and restaurants have been patronised by them.

Earlier the trend was for luxury accommodation but now it has been more for places where they can experience or connect with local customs etc. Now the tourists go for cheaper places and cheaper tours. ...Some of the guests, choose to eat in smaller places, even when they are staying in places with all inclusive packages

Association Office Bearers, Chauffeur Tourist Guide Lecturers Association of Sri Lanka

Another point of view expressed by the key person interviews is that some of the smaller establishments are not involved in tourism on a full time basis and have lower overheads (i.e guest houses tend to be homes that they own and live in and guests are kept for additional income), the effects were somewhat muted.

There are higher chances of job losses in the informal sector. Guest houses would have closed but they are owner driven, with no overheads. They can adjust to the situation accordingly.

President, Tourist Hoteliers Association of Sri Lanka (THASL)

This could imply that to these types of supplementary income categories, the effects were less. However, if as in the case of some of the guest houses on the beach front in the south coast where tourism is a primary income source the impacts are different.

Effects of the changing trends in tourism on tour guides

Sri Lanka has a variety of licensed tour guides that are generally focused and cater to the foreign tourists. The three categories licensed by the Sri Lanka Tourism Development Authority are as follows:

- National guides that can take groups anywhere in the country and can guide large groups. They act as part of larger tour company staff or as individuals and normally used for large group tours.
- Chauffeur guides play a dual role, they guide and chauffeur the guests. They too can guide anywhere in the country but small groups

- Area and Site Guide have a license to guide in a particular area (i.e Pollonnaruwa) or a particular site/attraction (i.e sigiriya)

In addition to these types of guides, there are guides who work in the nature based tourism sector, as guides, safari operators, trackers. Some are trained by the forest or wildlife authorities to work in parks and forest reserves and are either part of the government cadre on a permanent or casual basis while others are independent operators. There are also specialists guides (i.e bird watching, historical) who are not licensed as such but are recognized as experts in a particular field.

In comparison among the guides, those who are more likely to be poor are taken as the Area and Site guides who have less direct access to tourists market, and are based regionally, at times in remote locations.

Overall all the guide association representatives expressed a drop in business. They stated that their main business comes from European and Western markets, while they get less business from the Indian market. Factors such as reduced days in the country, the type of lower end tourists that is now coming to Sri Lanka there is less income that can be generated and less demand for their services.

Britain and Holland were the main client base and we normally get groups of 20 – 35. They normally stay in high-end star hotels like Habarana lodge, Habarana village, Kandalama hotel and Sigiriya village. Now the tourists spend less compared to the past. They look for cheaper guides and some try to guide themselves by books. I think they do not have enough money now.

Guide, Area and Site Guides Association, Pollonnaruwa

... before 1983 we had business year round and since then it has slowly reduced. Many of chauffeurs lease cars and in the past few years some have had to give up this business as they have been unable to pay the rentals for their vehicles and have not had enough business. So some have gone abroad and others have tried to get other jobs. About 20% reduction in the chauffer guides during 2004 – 2008. Newer ones are the first to leave.

Association Office Bearers, Chauffeur Tourist Guide Lecturers Association of Sri Lanka

There has been less demand for guide training programmes in the last few years. Indicating less demand for these job types in the past few years.

Deputy Director - Domestic Tourism, Sri Lanka Tourism Development Authority

This indicates that guiding which was considered good income opportunity and one in which the non poor have been engaged in are reducing in yield. This could have repercussions on dragging those just above the poverty line into a more vulnerable position.

For the area/site guides representative that was interviewed from Pollonnaruwa (cultural triangle area), 2003 and 2004 was seen as good years with good profits due to large number of tourists visiting cultural places and report a drop in numbers more recently due to the security reasons and insufficient promotion. The change in composition and income levels of tourists has also affected their livelihoods. The area guide also stated that the vehicle drivers who come with tourists tend to bargain with guides, while some drivers with no license are now emerging as guides and this too reduces their ability to earn an income.

For this level of guides who are site or attraction based, the drop in income could have affected their poverty, especially if this was a primary income source, particular in areas such as the cultural triangle.

On a positive angle one of the guide/tour related categories generating more interest and business has been in nature based tourism. This is a new and growing service area and has not been as badly affected as some of the other guiding services.

When we consider the demand for safari tours it was 80% two years back and at the moment it had come down to 60%. Elephant safaris, glass bottom boats, camping, mountain hiking, whale watching and white water rafting go under service providers. All these categories were affected but not drastically.

President, Association of Small and Medium Enterprises in Tourism Sri Lanka

This can also be due to the fact that guides in parks/nature reserves are mandatory and many of the other nature based activities cannot be done without these types of service providers. Therefore with the increasing interest in nature based tourism, this guiding category seems to have been less affected. As many of these guides are locally based, this has helped the local economies.

Effects on Handicrafts Producers

Household that have a probability of being poor also have crafts and trade related job categories. The craftsman that were interviewed were suppliers to the Colombo tourists shops and according to them there has been a decline for their goods for the past 2 3 years.

"Lakmedura"¹⁴ used to buy 250-300 pieces monthly from him 2-3 years back and after that the demand was only for 80 pieces. It had remained for last 2-3 years and very recently the number of pieces they are demanding for has gone up slightly.

Craftsman, Jana Kala Kendraya

The trend of spending less, added to the change in composition, where Asian travelers are less likely to buy this type of item has affected this group. For those that are regionally based, especially in the cultural triangle or hill country areas, the drop in visitors could have affected their businesses.

6.2 Regional Effects

Given the way tourism can be classified into attractions and regions in Sri Lanka, and the drop in tourist arrivals and excursions has had regional effects with impact on local businesses and livelihoods of poor communities. This section looks at two cases, the effects on the south coast beach tourism and the cultural triangle area in the north central province.

Beach tourism and effects on the livelihoods of the poor

The beach sector in Sri Lanka, has been the biggest tourist market in Sri Lanka and one that has held on to this spot even with the changes. Sri Lanka's most popular beach area is the South Coast that has been a "safe" travel area, with easy access, good infrastructure and services. Although the popular beach areas are more urbanized and do not fall into the districts with high proportion of poverty, this is an area that has a high percentage of tourism based informal businesses, as compared to other parts of the country.

¹⁴ Lakmedura is one of Sri Lanka largest handicrafts centres, located in Colombo.

Informal sector employment engaged in the tourism are very much beach based. Even though the rich foreigners may stay in big hotels they prefer doing things like diving, surfing that are purely beach based and does not necessarily need the assistance from a big hotel. Hence these kinds of activities give some space to the informal sector to earn an income.

President, Sri Lanka Association of Inbound Tour Operators (SLAITO)

Given the high interest among tourists to visit beaches the south coast has been more patronised than other parts of country even through the years of conflict. The small guest houses and restaurants were able to keep operating, with returning guests, and word of mouth publicity. However the drops in tourists and the change in composition that were experienced in the past few years, has meant far less dynamism in the south coast, with visibly less tourists.

In an article by Kaviratne 2008¹⁵, quoting the President of the Hoteliers Association of Hikkaduwa, states that that the drop in tourism arrivals to the southern coast in 2008 was almost 50% in comparison to the previous year. Many who have come are (over 50) returning guests and the effects on the medium and small scale businesses is that they are close f the med. He indicates the effects of the financial crisis has been greater than the conflict for the beach sector in 2008.

Box 2: Effects of the drop in tourism:

In an article entitled *Insecurity hits Sri Lankan tourism* (2008), it states that the effects of the conflict and financial crisis have crippled the tourism industry with repercussions on the small and individual operators on the southern beach:

"At his beachfront small hotel along the Hikkaduwa beach Ajith Fernando stares at the empty dining tables and the deck chairs and braces himself for a really bad four months ahead. "This is the start of the season and I have only three rooms occupied. Last year by this time we had enough guests to at least break even," said the owner of the ten-room hotel. He has already begun cutting overheads. Several of his deluxe rooms are closed, the air-conditioners covered with dust jackets. "Can't maintain them, the only tourists who come are low spenders, they don't want rooms at 25 dollars a day, they go for the 10 dollar or 15 dollar rooms," he said. He has reduced his staff from 10 to six and expects to lay off more.

Further down the same beach D. Leelaratne, who sells traditional wood carvings, has hung up his tools and has not had a customer in days. "Look at the road and the beach... at this time the area should be teeming with tourists, but there is no one, no one".

Source: Perera, S. 2008. *Insecurity hits Sri Lankan Tourism* (online)

The reduction in tourists and reduction in higher spenders (from Europe and higher income groups) who also enjoy spending more time at the beach, have impacted not just the food and lodging businesses but also the other service sectors such as glass bottom boat operators, diving centres and beach vendors. As for many of these small or individual service sectors tourism is a primary income source these conditions has increased their vulnerabilities.

¹⁵ Kaviratne, Jeevananda, 2009. *Hikkaduwa sorely missing annual wave of visitors. The global recession hits the country's most popular beach resort* (online) Sunday times February 08, 2009. http://sundaytimes.lk/090208/News/sundaytimesnews_09.html

Cultural tourism and effects on the livelihoods of the poor

The cultural triangle made up of several historic sites (the ancient capitals of Anuradhapura and Polonnaruwa, the rock fortress of Sigiriya, and the caves of Dambulla) are located in the north central region of Sri Lanka. This is an area that is situated (in relative terms) close to the areas where armed conflict has been taking place and therefore has higher security presence and was subjected to negative publicity, and travel advisories that have deterred tourists from traveling to these locations.

...with the organized tours, they were sticking to "safe" areas, so for example there were less package tours taking people to the cultural triangle – because of the security situation. So there was less travel to cultural triangle areas.

Deputy Director - Domestic Tourism, Sri Lanka Tourism Development Authority

Due to travelers cutting down the number of nights in the country also affected the cultural triangle area:

Tourists come to see the beach and then they do a round trip. These round trips reduces and the dispersion of tourism, especially to the cultural triangle, dropped.

President, Tourist Hoteliers Association of Sri Lanka (THASL)

On the positive side, Asian travelers have a high interest in visiting cultural sites and have undertaken trips to these areas:

They [Indians] go for a mixture of different places like Anuradhapura, Polonnaruwa, national parks and sun and sand and stay in beach hotels for one day.

Representative, National Tourist Guide Lecturers' Association of Sri Lanka

In addition the free and independent travelers were also more likely to visit these areas:

Many times on our tours, the people who came commented on the fact that there were no security safely issues as portrayed in the media. They even decided to go to places like Sigiriya and Anuradhapura after they came. Or sometimes they come already aware as they have talked with other travelers and our business comes a lot from word of mouth and recommendations.

Association Office Bearers, Chauffeur Tourist Guide Lecturers Association of Sri Lanka

Overall however, the security concern together with the reduction on excursions, less spending among the tourists has meant that the cultural sites have had less business opportunities for local enterprises.

Apart from tour guides like us most of the taxi drivers, mobile businessmen like hat sellers, postcard sellers and handicraft sellers were also got affected by the reduced number of tourists in Polonnaruwa."

Guide, Area and Site Guides Association, Polonnaruwa

When matching this with poverty spread of Sri Lanka, this is also one area in which poverty is higher, in comparison to other tourists regions such the western and southern belts. It is also an areas where income diversity is less vibrant. Therefore in these areas the drop in tourists could have played a bigger role (comparatively) in the livelihoods of the poor, especially those with less diversity in their portfolios and more reliant on informal jobs as their primary income source.

7. Domestic tourism

Domestic tourism is seen as a means of substituting the foreign exchange earnings from international travelers but as a local generator of income opportunities that can play a role in supporting local livelihoods and therefore countering a fall into poverty. Given the very different nature of domestic tourism, there is no comparable data, information presented here is primarily based on the perceptions of the key informants interviewed.

During the recent troubled times, especially in 2008, despite the negative impacts of the conflict and the financial crisis, Sri Lanka's economy still recorded a small positive growth. Certain segments of society (i.e. the rich and upper middle class) still had disposable income and have engaged in traveling locally. Travel for religious reasons and visiting family are the traditional reasons for travel and they continues to prevail while there is also a greater interest in nature and adventure tourism among the Sri Lankans. As residents of the country, they also visited places such as the cultural triangle that foreign tourists were less willing to go to. Therefore domestic tourism may have had a role to play in buffering the sector through the times of turmoil in 2007 and 2008.

In terms of who benefited from domestic tourism, the prevailing perception is that it was the bigger establishments that benefited:

Domestic tourism has been able to cushion the drop of international tourism. Some big hotels had reduced their prices now. Hence there is no point of staying in guest houses. These reduced prices by big hotels hit the smaller restaurants and the hotels badly.

President, Association of Small and Medium Enterprises in Tourism Sri Lanka

Larger hotels that are generally too expensive for most of the Sri Lankan travelers offered local tourists opportunities to stay in 5 -4 star hotels at affordable prices, other lower rated hotels too offered promotions and special deals. Therefore for the poor communities working as casual or contract workers in these establishments, it may have contributed to reducing the number of job losses. However, the dropping of prices, promotions and attractive deals drew away from the demand for smaller places, which are generally the choice of local travelers.

Certain types of service providers such as guides (other than nature based guides), handicraft sellers, transport providers do not necessarily gain from domestic tourism. Domestic tourist tend not to use guides or will minimize costs by driving, or going on day excursions and do not generally buy souvenirs and handicrafts, but are interested in other regional goods:

Box 3: Domestic Tourism and poverty reduction

- It can increase job opportunities by catering to the domestic travelers (accommodation, attractions and entertainment facilitates etc), that maybe different to those geared to the international traveler.
- It can provide opportunities for hard currency that might leave the country as outbound travel expenditures to be utilized within the country.
- It can redistribute wealth within the nation's boundaries, either by capitalizing on disposable income or as transfer of currency and other physical and human resources from affluent areas to economically less prosperous regions.
- It can spread economic opportunities into developing regions.
- It can stabilize the frequently cyclical and seasonal flows of inbound tourism and increase the stability employment and revenue generation.

Source: SLTDA website (Domestic Tourism)

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Vegetable/fruit sellers and furniture sellers etc have gained. This is why these stalls/showrooms are by the roadside.

Deputy Director, Domestic Tourism – Sri Lanka Tourism Development Authority

For some service areas such as nature guides and tours, the influx of domestic tourism has also helped to provide income and diversify income options at a local level, especially in more remote areas where income opportunities are less.

If we consider Yala¹⁶ jeep safaris, they didn't really get affected because anybody who visits needs to hire a vehicle. In that case whether the local tourists or international tourists doesn't matter them.

President, Association of Small and Medium Enterprises in Tourism Sri Lanka

There is also some within the tourism industry who do not want to cater to the domestic market:

We don't cater to the domestic market at all. Even during the drop, as domestic market is only looking for drivers, there is no value added for us as guides – no Prestige. They also asked for reduced mileage, so not worth it.

Association Office Bearers, Chauffeur Tourist Guide Lecturers Association of Sri Lanka

The domestic tourism market therefore did play a role in buffering the industry, but with mixed results (gains and losses) for the types of employment options engaged by the poor.

8. Summary and Conclusions

In the last couple of years, coinciding with the global recession, there have been changes to the tourism sector in Sri Lanka. The main drivers of these changes are attributed to the civil conflict that has ravaged the country for over 30 years. The civil conflict was determined to be far more damaging to the sector, one that has reduced the earning potential over a long period of time. The financial crisis came at a time when the civil conflict had escalated within the country, and is seen to have further aggravated a bad situation and not as a primary driver of the trends. With the end of armed conflict, in May 2009, the rise in tourist arrivals seems to support this fact.

During the period of 2007 - 2008, the conflict and the crisis combined have lead to effects that have changed the orientation of tourism in Sri Lanka. There were reduced international tourists, changes in where the tourists were coming from (Western Europe to Asian) as well as the reductions in excursions they undertake, the duration of their stay in the country and the amount they spent. These have caused the entire sector to reduce its potential earnings and contribution to development.

The effects of these changes and the impact on poor and their livelihoods are not easy to distil. It is dependent on a combination of factors such as the level of their engagement (primary or supplementary) in this sector, the type of jobs (casual labour, guiding, crafts etc) or the regional spread of those involved. It is evident however, that the shrinking of the industry has resulted in job losses, especially for those engaged in casual and contract work, which have a high association with poverty. Therefore it has reduced the stability and yield of these employment categories with direct impact on the livelihoods of the poor.

¹⁶ Yala National Park (hambantota) is Sri Lanka's main wildlife attraction located in the southern coastal tourism belt

For poor communities in the informal sector, engaged in self employment or small businesses the impacts seem to be more mixed. Trickle down impact are evident. Some types of services have been affected more than others – craftsmen and souvenir vendors in comparison to lodging/restaurant owners; some areas have been more affected than others– the cultural triangle where there was a greater drop in tourism or the coastal belt where there is a higher share of informal sector for whom this is a primary income source. Therefore in general it can be stated that the stability and yield of livelihoods of the poor communities engaged in informal sector has also reduced, however the extent of it is not determinable as there is not much direct data to draw and further primary data collection would be needed to break this issue down further.

In terms of factors that cushioned the negative impacts, the inclusion of a new market segment (middle eastern tourists), returning tourists, an increase in interest nature based tourism and the travel features of free and independent tourists are credited as having some benefits – both direct and through trickle down means in terms to support livelihoods of poor households.

Domestic tourism too is credited for cushioning the industry through the difficult times, allowing to build on local income to generate revenue to keep establishments and jobs in tact. A greater share of the gains of domestic tourism is seen to have been for the larger operations with negative effects on the smaller operations, due to dropping of prices and promotional packages. However again for certain types of jobs that poor people engage in such a nature based tour operators, fruit and vegetable growers and vendors, certain types of crafts (reed furniture) there have been benefits from domestic tourism.

By June 2009, with the cessation of armed conflicts, and some recovery of the global financial sector, things have started to turn around in Sri Lanka. The end of the armed conflict does open up many doors for the tourism sector and both the government and private sector are gearing up for the revival of tourism. This has intended trickle down benefits to the poor households that rely on the sector for primary or supplementary income. This time of re-gearing/restructuring should also be used as an opportunity to put in place structures and support mechanism that look take into account the interests and needs of small scale and self employed businesses, especially in rural areas, so that the benefits will be have a better spread, and better potential to build yield and stability to livelihoods of poor households.

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Key Person Interview List

Organisation	Designation
Area and Site Guides Association, Pollonaruwa	Guide
Association of Small and Medium Enterprises in Tourism Sri Lanka	President
Chauffeur Tourist Guide Lecturers' Association of Sri Lanka	Association Office Bearers
Jana Kala Kendraya	Craftsman
National Crafts Council	Media Representative
National Tourist Guide Lecturers' Association of Sri Lanka	Representative
Sri Lanka Association of Inbound Tour Operators (SLAITO)	President
Sri Lanka Tourism Development Authority (SLTDA)	Deputy Director - Domestic Tourism
Tourist Hoteliers Association of Sri Lanka (THASL)	President