

For Immediate Release



**The Asian Development Bank
The Japan Bank for International Cooperation
The World Bank**

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Sri Lanka Needs US\$1.5 billion For Tsunami Recovery and Reconstruction
ADB, JBIC and World Bank Publish Damage and Needs Assessment

COLOMBO, SRI LANKA (2 February 2005) — Sri Lanka will need approximately US\$ 1.5 billion to effectively implement a recovery and reconstruction strategy according to a preliminary damage and needs assessment released today by the Asian Development Bank (ADB), the Japan Bank for International Cooperation (JBIC) and the World Bank.

The assessment, prepared in close cooperation with the Government of Sri Lanka, sets out clear guiding principles for the reconstruction strategy, with an important emphasis on the inclusion of affected communities in the planning and process of rebuilding. It estimates the overall damage to Sri Lanka at US\$1 billion with a large proportion of losses concentrated in housing, tourism, fisheries and transportation. Total losses are estimated to equal 4.4 percent of GDP with about US\$500 million in external financing required in the short term for 2005.

Focusing on the human dimensions of the tsunami tragedy which hit the impoverished coastal communities the hardest, **Peter Harrold, Sri Lanka Country Director for the World Bank** said: “*The tsunami had an impact on a large number of poor people and it is vital now that we do not rebuild that poverty. The recovery and reconstruction strategy is further challenged to be sensitive to the conflict that has plagued this country. As we rebuild we must all find ways to strengthen the peace process and bridge differences between communities.*”

Table 1: Preliminary Estimates of Losses and Financing Needs (\$ Millions)

Sector	Losses		Financing Needs		
	Asset Loss	Output Loss****	Short Term	Medium Term	Total Needs
Housing	306-341	-	50	387-437	437-487
Roads	60	-	25	175	200
Water and Sanitation	42	-	64	53	117
Railways	15	-	40	90	130
Education	26	-	13	32	45
Health	60	-	17	67	84
Agriculture*	3	-	2	2	4
Fisheries*	97	200	69	49	118
Tourism*	250	130	130	-	130
Power	10	-	27	40-50	67-77
Environment	10	-	6	12	18
Social Welfare**	-	-	30	-	30
Excluded Items ***	90			90-100	120-150
Total (\$ Millions)	970-1,000	330	475	1,000-1,700	1,500-1,600
Percent of GDP	4.4-4.5	1.5			6.8-7.3

*Includes estimates from *livelihoods damage assessment* of fishermen, small farmers, and small businesses in tourism totaling \$140 million.

**Targeted assistance to vulnerable groups.

*** Includes items such as house contents, public buildings, capacity building, that was not explicit at this stage, as well as other contingencies. 10% was added for this.

****Refers to 2005 and 2006.

Source: Government of Sri Lanka and staff estimates.

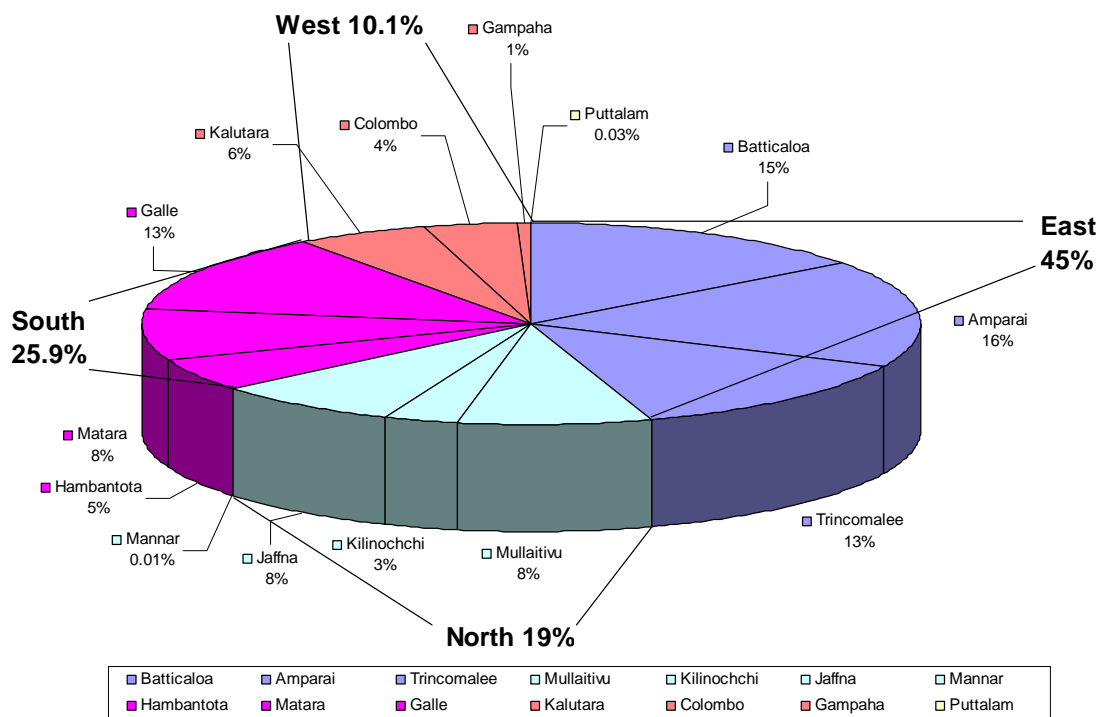
Approximately 31,000 people were killed, about another 6,300 remain missing, and around 443,000 people have been displaced by the disaster. Of those killed, 27,000 belonged to fishing families. Around 65 percent of the country's fishing fleet—29,700 boats—has been completely destroyed or damaged.

“The human impact has been even more staggering than the damage to infrastructure,” said Alessandro Pio, Country Director of the ADB. “In some coastal communities, entire families, livelihoods and social networks have simply disappeared. Reconstruction efforts must be very sensitive to this human dimension, and do everything possible to help restore communities, mitigate the psychological, emotional and economic loss and restore hope, while working to rebuild shelter and physical infrastructure.”

The Eastern part of the country, the population of which was already vulnerable due to civil conflict, was hit particularly hard with well over 40 percent of the total damage. Many of the assets that withstood the ravages of the war have now been destroyed or damaged along with much of the social and economic infrastructure. About 90,000 houses destroyed during the conflict were due for reconstruction, a challenge now compounded by the tsunami. The Galle District was also very heavily impacted, and close to 30 percent of the financing needs under either definition are in the Southern Province. The North sustained about 20 percent of the damage. A detailed breakdown by region and district of the estimated financing needs, including all sectors, is provided in the following charts.

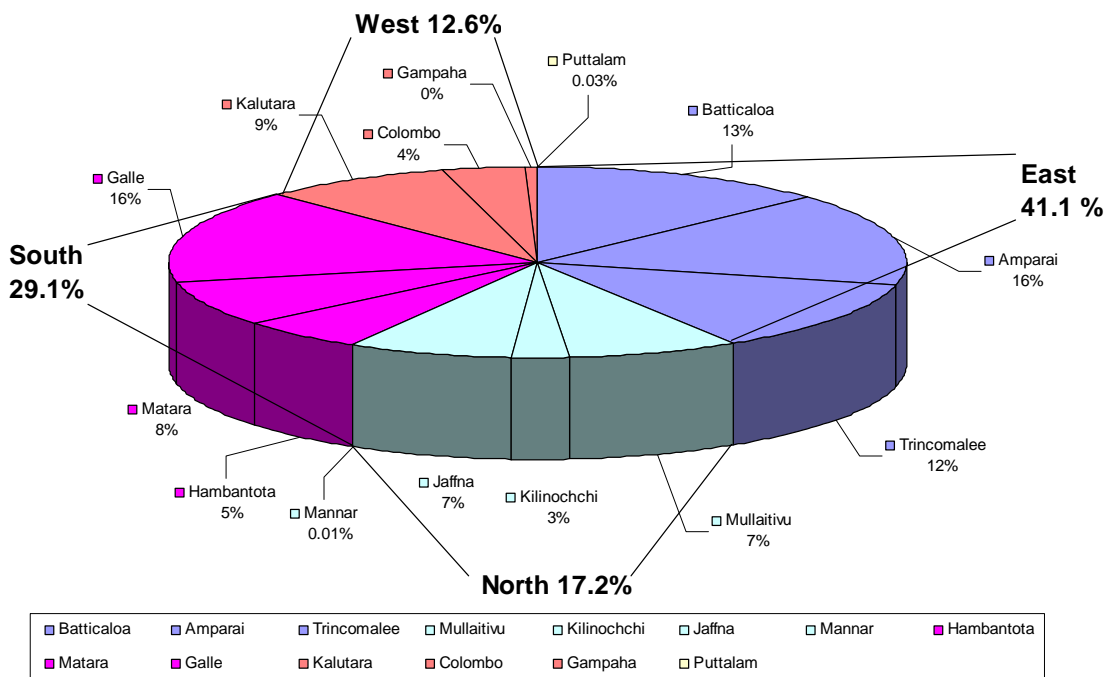
SRI LANKA: Tsunami Financing Needs by Province and District

(Excluding: tourism, environment and agriculture.)



SRI LANKA: Tsunami Financing Needs by Province and District

(Sectors included: health, education, housing, power, water & sanitation, fisheries, tourism, roads and railways)



The affected provinces constitute 26 percent of the population, with disproportionate numbers of people already living below the poverty line. *“We feel a strong commitment to ensure a rapid and effective reconstruction process,”* said **Shinya Ejima, Chief Representative of JBIC**, Sri Lanka’s largest bilateral donor. *“It is important that assistance be delivered to Sri Lanka in a balanced manner, driven by the needs that have been identified through consultations.”*

The tsunami caused US\$21 million in losses to the education system, damaging 168 public schools, four universities and 18 vocational centers. Around 92 local clinics, hospitals and drug stores were either destroyed or damaged, causing disruptions to delivery of health services and patient care.

Significant losses were also sustained in power, transportation (roads and railways), water supply and sanitation.

Sri Lanka’s tourism industry had been revitalized following the cease-fire and peace negotiations in 2002, reaching a historical record of 500,000 tourists arriving in 2003. The tsunami caused extensive damage to the sector amounting to around US\$200 million in damages to facilities, with estimated numbers of tourists in 2005 now revised downward by 100,000 people.

The report stressed the need for strong monitoring, transparency and accountability to ensure that the millions of dollars of external assistance reach their intended sources and are utilized efficiently.

The three Country Directors emphasized that nothing is more demoralizing for the people in need, and those trying to help them, than to hear that funds are being siphoned off or wasted. It was therefore imperative that all key stakeholders in this—the Government, the international community, civil society and the LTTE, agree upon a transparent monitoring and accounting system for all the resources that will be deployed in the reconstruction effort.

The assessment identified the guiding principles for the recovery and reconstruction strategy as:

- The allocation of resources both domestic and international should be strictly guided by the identified needs and local priorities, without discrimination on the basis of political, religious, ethnic or gender considerations.
- Reconstruction activities are carried out by the appropriate level of government, with an emphasis on decentralization where feasible;
- Communities are empowered to make their own decisions during recovery;
- Communication and transparency are present in decision-making and implementation;
- Reconstruction avoids rebuilding existing vulnerability to natural hazards; and
- A coordinated approach is used to prevent duplication in activities.

To translate the principles into reality, the assessment team recommended a vigorous process of public consultation, a communications program, and the development of district-based reconstruction plans for the affected areas.

The assessment noted that, prior to the tsunami disaster, the risks from natural hazards to Sri Lanka were considered low, limited mainly to localized and seasonal floods, landslides, cyclones

and droughts. However it noted that land use patterns, human settlement developments and construction practices that are not sensitive to weather-related hazards are significant contributors to creating unsafe conditions.

The assessment team suggested that Sri Lanka develop a risk management approach with several key principles. These include: implementing development programs which are guided by multi-hazard risk considerations; improved institutional capacities for emergency response; development of an advanced early warning system in the region; and methods to mitigate the financial impacts of disasters on the economy.

For purposes of conducting this initial needs assessment, the ADB focused on the transport sector (roads and railways), livelihood restoration, and the simplification of procurement procedures; JBIC evaluated the power, water and sanitation sectors; the International Labor Organization and the Food and Agriculture Organization provided inputs on the fisheries sector and other livelihoods; and the World Bank, with inputs of the World Health Organization and German GTZ, considered impacts to health, education, agriculture and livestock, tourism, private housing stock, social and environmental systems, and the overall economic impact. In addition contributions on strategic issues were provided by UK Department of International Development (DFID). By broadening this partnership during the second phase of the needs assessment, close coordination in the financing of reconstruction activities is expected, in consultation with the Government and all major stakeholders in Sri Lanka.

All three lead institutions have already indicated high levels of financial commitment to Sri Lanka to address the emergency, amounting to some US\$500 million for the short term.

Full text of the assessment is available at:

The Asian Development Bank: - <http://www.adb.org/tsunami>

The Japan Bank for International Cooperation: <http://www.jbic.go.jp>

The World Bank: <http://www.worldbank.org/tsunami> | <http://www.worldbank.org/srilanka>