Rebuilding After the Tsunami: Lessons Learned from Southern Sri Lanka's Small Scale Enterprises

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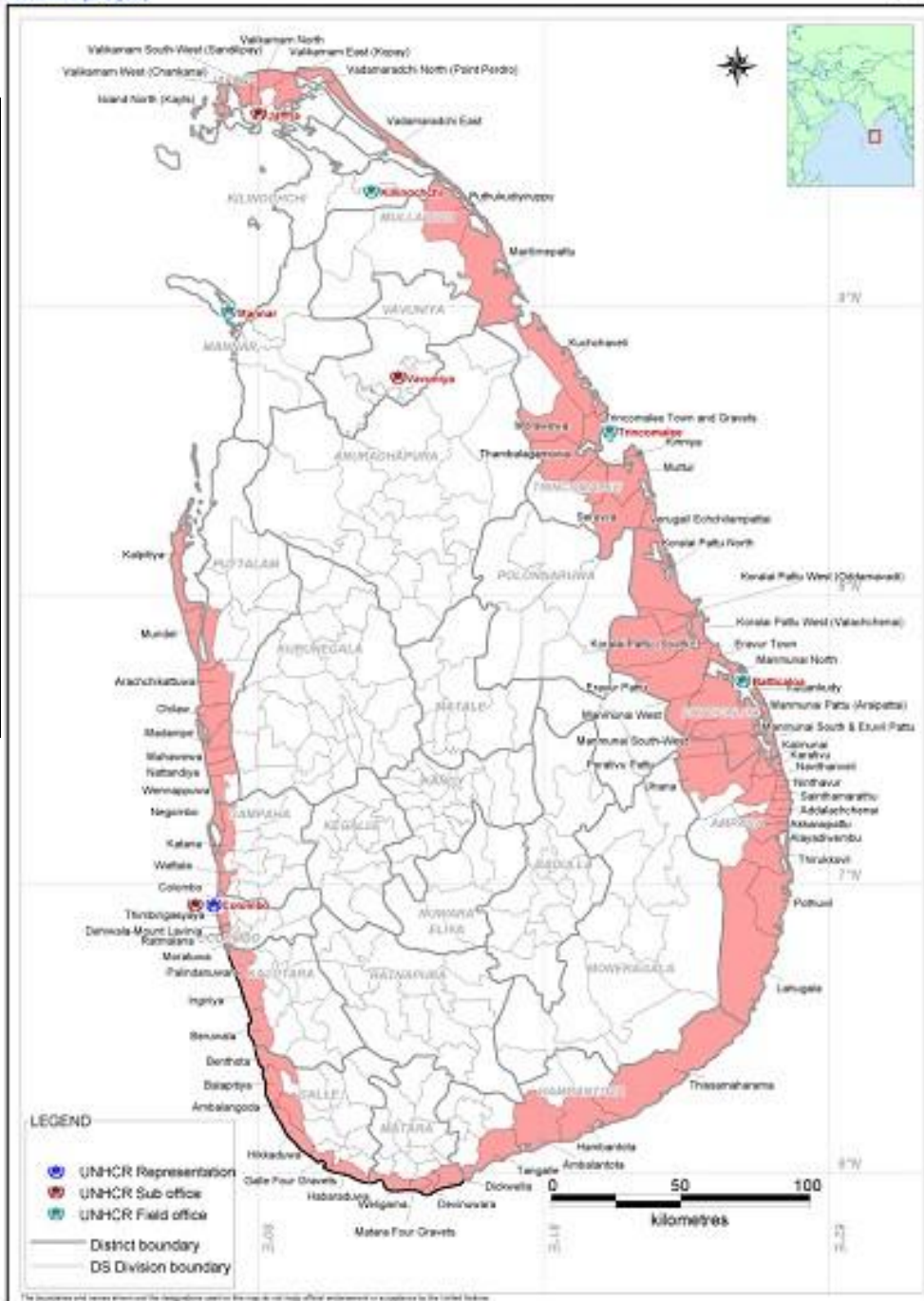Bissett School of Business
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Introduction

↗ The tsunami that hit Sri Lanka on December 26th 2004 caused the worst devastation from a natural disaster in the country's history.

↗ Relatively thin but long (approx. 1000 km) stretch of Sri Lanka's coastline from Jaffna in the north, the entirety of the eastern and southern coast, and part of the west coast.

↗ Sri Lanka has been hard-hit in terms of loss of life, infrastructure, and economic assets.

DIVISIONS AFFECTED BY TSUNAMIS

Social Impact

↗ More than 31,000 human lives have been lost, over 4,000 persons are reported missing.

↗ Displaced person estimates stand at 443,000, while the affected population is estimated at 1 million.

↗ The number of damaged houses is estimated at more than 110,000, of which more than 70,000 have been completely destroyed.

↗ Before the tsunami, poverty in the worst affected districts was above the national average, and the catastrophe has likely increased their vulnerability.

↗ Among the affected districts in the South for which poverty estimates are available, poverty headcounts for Galle, Matara and Hambantota districts are much higher than the national average.

Economic Impact

↗ Overall direct asset damage is estimated at around US $ 1 billion (4.9 percent of GDP).

↗ Destruction of private assets in the affected districts is substantial with losses estimated at around US $ 700 million.

↗ This figure included losses in fishing (US$ 100 million), tourism (US$ 250 million), and housing (US $ 300-350 million).

↗ Output losses resulting from the damage of assets and the disruption in economic activity in the affected sectors are estimated at 1.5 percent GDP.

Data Collection

↗ Reconstruction and rehabilitation programs of the affected areas were collected through survey

  ↗ Most of the respondents were women entrepreneurs

↗ Secondary data was collected from various government agencies, NGOs and District Secretariat

↗ Focused group interviews

↗ Participating Tsunami workshops researchers gathered data on reconstruction and rehabilitation programs.

Summary of affected firms in Galle District

DS Division	# of businesses	Damage ($)	Percentage of Total Damage
Hikkaduwa	973	21,287,103	43.04%
Galle	669	17,405,782	35.19%
Balapitiya	575	4,422,560	8.94%
Ambalangoda	162	1,714,720	3.47%
Habaraduwa	82	4,615,944	9.33%
Bentota	8	10,400	0.02%
Total	**2,469**	**49,456,509**	**100.00%**

Summary of affected businesses in Hambantota District

DS Division	# of Businesses	Damage ($R)	Percentage of Total Damage
Ambalantota	23	70,410	0.49%
Hambantota	304	5,508,035	38.00%
Tangallae	444	8,236,689	57.50%
Tissa	93	568,595	4.00%
Total	**864**	**14,383,730**	**100.00%**

Summary of affected firms in Matara District

DS Division	# of businesses	Damage ($)	Percentage of Total Damage
Matara	168	448,841	15.99%
Devinuwara	44	40,788	1.45%
Dickwella	456	239,110	8.52%
Weligama	400	2,078,767	74.04%
Total	1,068	2,807,856	100.00%

Sample Project

↗ Gandara Central- highly tsunami affected village

↗ Livelihood was mainly based on fisheries related industries.

↗ Mainly, women are the key members among the producers of and dried fish while the men are engaging with fishing.

↗ The livelihood development group of the "C"Project selected this area to develop livelihood and decided to focus on the development of women based model to facilitate the livelihood development.

↗ Further they identified the fish and dried fish industry as a viable industry for this area

Social Economic Issues

↗ Poor administrative & management skills

↗ Unavailability of skilled labor

↗ Lack of access to initial capital and sources to finance

↗ Location challenges and transportation

↗ Negative expectation attitudes/ perceptions / values system

↗ Government policy of Buffer zone

↗ Depending on traditional technology

↗ Workers attitudes

Gender Related issues

- ↗ Low profit and growth orientation

- ↗ Poor organizing and coordination

- ↗ Poor access to resources

- ↗ Poor marketing strategies

- ↗ Low risk tolerance

Recommendations

➚ Selection of members for the project should be done in better way
  ➚ (After testing entrepreneurial skill)

➚ Together with appropriate technology, training need to be provided to give the required knowledge to carry out the venture (marketing , packaging etc.,)

➚ More emphasis needed on change the attitudes, perceptions and expectations of selected members (i.e. dependency syndrome)

➚ Developing local networks with required parties enabling marketing , etc.,

➚ Appointing an officer to coordinate project activities and help venture members in doing follow up work at least for two year period

Questions, Comments?