

Rebuilding livelihoods after the tsunami

Prepared by government/donor working group on restoring livelihoods

Damage

150,000 people lost their livelihoods in:

- Fishery industry (about 50% of all job losses)
- Tourism sector and related services
- (Small businesspeople/service providers and 'self employed')
- Agriculture (salinated fields, destroyed cashew nut trees)

Achievements and Risks

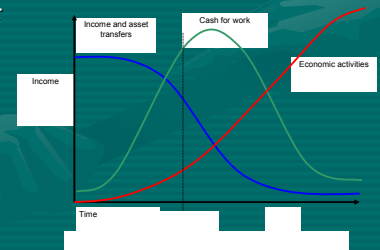
- 70-85% of households affected have regained their main source of income (status November 2005).

But:

- Level of income likely to be lower than pre tsunami
- People falling through cracks of existing programs and joining the long-term poor

Phased approach

- Cash/asset
- Cash for work
- Support for Economic activities



Asset replacement/cash grant

- Ranging from sewing machines to bicycles and tools – and boats
- Out of 24,000 destroyed boats, 21,000 were replaced
- Nets and other fishing equipment/engines were replaced or repaired
- Over 200,000 families received two installments of Rs5,000, third installment to 165,000 families

Cash for work

- About Rs 700 million spent
- Demand especially high in Ampara, Jaffna and Batticalao
- Important to break vicious cycle of both customer and supplier having lost all their cash
- Cleaning debris etc first, now focus more on road, drainage, irrigation.

Economic activities

- SME and microfinance
- Susahana scheme (central bank) – subsidised: Rs3.6 billion disbursed to over 8,000 borrowers, fishery/tourism take bulk, followed by trading
- NDTF: Rs 700m available (subsidised), over 5,000 loans (Rs136 million), bulk to small business, followed by animal husbandry
- Over 40 bilateral/I/NGOs/and private sector have their own schemes

Problems – and how they were dealt with

- Cash grant: leakage
- Solution: improve selection, introduce cut off date for ‘making it on beneficiary list’
- Result: beneficiary numbers decreased to 165,0008

Fishery sector

- Oversupply of specific types of boats
- Demand for eg fishing gear far bigger than can be met sourced
- Biggest type of boats – no replacement by donors as too expensive, but owners unable to finance it independently. Account for 30% of all catch

Ongoing efforts to resolve issues

- Try and bring stakeholders on board – in some instances boat orders have been reduced and/or cancelled
- Staggered
- Government included multi day boats in Susahana scheme, and contributed grant component (87 out of 105 destroyed) in August 2005

SME/microfinance credit

- Tourist guesthouses less able to obtain loans than anticipated from commercial sources
 - Buffer zone: about 10% of applications rejected as businesses in buffer zone.
 - Schemes only reach ‘old customers’
 - Regional distribution appears uneven
- Ongoing efforts to resolve these issues
- Increase loan size to include guest houses
 - After 11 months, revise buffer zone
 - Introduce credit guarantee to share risks with MFIs/banks
 - Earlier needs assessment identified far larger reconstruction needs for tourism in south – with housing and infrastructure far more affected in north and east. Overall distribution counts – and needs to be monitored

Tourism

- Recovery slower than anticipated
- More informal guesthouses could not produce ‘no objection certificate’ by UDA to apply to Susahana scheme

Result: survival mechanism taxed – and jobs at risk

Ongoing efforts:

- ‘Bounce back Sri Lanka’ campaign
- Help informal guesthouses with a screening committee and grant certificate on case by case basis
- Include guesthouses in Susahana scheme

Issues yet to be resolved

- Equity and gaps
No evidence of intentional unequal treatment but some communities notably behind others
Need to ensure no-one is left behind
Distribution of livelihood support is unclear we know it is substantial, but we do not know the gaps.
- Coordination
Sheer number of actors make coordination a huge challenge
Need to improve at central, but also at local level
- Communication
Clear lesson of first year is need to communicate. Every affected family needs to know what the complains/redress procedures are, what is their future in terms of employment opportunities and ongoing relief efforts.