

# Stories of Impact

*A series highlighting achievements in disaster risk management*

## Addressing Climate Risks in Sri Lanka



**REGION:** SOUTH ASIA  
**FOCUS:** CLIMATE RESILIENCE  
**COUNTRY:** SRI LANKA



### RESULTS:

- Technical assistance from GFDRR and the World Bank informed recent steps to enhance Sri Lanka's disaster resilience, including a \$110 million investment toward reducing immediate and future physical risks, as well as provisions for accessing \$102 million in the immediate aftermath of a natural disaster.
- A portion of these investments will improve transport continuity during major rain events, benefitting 720,000 people. About 25,000 children will also be made safer through the mitigation of school infrastructure.
- The program will significantly contribute to building long-term resilience. Results from risk modeling studies of nine river basin that cover 30% of the country's land mass will be used to inform the development of an estimated \$1 billion program for basin-wide flood and drought risk mitigation

Since 2000, flood and drought events have cumulatively affected more than 13 million people across Sri Lanka. Regular flooding, drought, and landslides are natural hazards that threaten the long-term growth and development of the country. The impacts of these events are growing due to increased development, which puts more assets at risk – they are also exacerbated by climate change.

In an effort to reduce the adverse impacts of these events and adapt the country's stock of infrastructure to extreme climate shocks, the Global Facility for Disaster Reduction and Recovery (GFDRR), the World Bank, and the government of Sri Lanka developed the "Comprehensive Approach to Climate Risk Management" program.



## CONTEXT:

Since 2000, about 375,000 people have been affected by flooding annually in Sri Lanka. Though the country has faced regular floods and droughts that have caused widespread damage, the economic impact of such events is usually not assessed or underestimated. According to World Bank estimates, average annual losses add up to \$380 million – or 3% of total government expenditures.

Major disaster events are occurring with increasing frequency, with floods in 2011 and 2014, as well as droughts in 2012. In light of losses generated by these events, the government of Sri Lanka requested support from the World Bank and GFDRR to help address the urgent need to protect assets from the negative economic and fiscal impacts of climate-related disasters.

## APPROACH:

With GFDRR and World Bank support, Sri Lanka's comprehensive investment program addresses short-term and long-term physical and financial resilience. This includes:

- Short-term risk: a \$90 million component to implement urgent disaster risk management investments in flood mitigation, transport continuity, and school protection to reduce immediate physical risks in high priority areas.
- Long-term risk: a \$13 million component to provide recommendations for the design of \$1 billion in investments (covering 30% of land mass) in new infrastructure to mitigate current and future disaster risks.
- Fiscal risk: access to quick liquidity following a natural disaster in the amount of \$102 million to help plan an efficient response to a catastrophic event. This World Bank credit line is known as a Catastrophe Deferred Drawdown Option (Cat-DDO).

## NEXT STEPS:

The government of Sri Lanka will next identify future investments informed by ongoing analytical work under the CRIP and reach out to international partners to help implement those recommendations. This will provide an opportunity for GFDRR and the World Bank to collaborate with other international agencies to improve Sri Lanka's resilience to disaster risk.

### Contact

Federica Ranghieri  
franghieri@worldbank.org  
[www.gfdr.org](http://www.gfdr.org)

\*ALL MONETARY VALUES IN USD



*"Evidence shows that mainstreaming disaster management into policy formulation can save lives and reduce millions in damages."*

– S.M. Mohamed, Secretary Ministry of Disaster Management, Sri Lanka

## LESSONS LEARNED:

**Linking risk identification studies with immediate risk reduction investments can significantly enhance the added value of a program and mitigate future risk.** Addressing both short and long-term risks to climate change is critical to respond to immediate priorities and to build longer-term resilience. While the imperative to focus on short-term risk is usually undisputed, the need to invest in long-term risk identification studies can seem more intangible. Combining investments under the Climate Resilience Improvement Project (CRIP) to reduce immediate risks and to conduct risk modeling studies to inform long-term investments has provided a concrete framework of future investment in risk reduction.

**Comprehensive programs can act as catalysts for reforms.** Tackling such a large range of issues spurred necessary changes to improve Sri Lanka's institutional capacity to manage disaster risks and enhance financial protection. The program, for instance, helped operationalize the Sri Lanka Disaster Management Act enacted in May 2005. Under this legislation, a national policy and plan had been envisioned but had failed to materialize. GFDRR's engagement with a wide range of government stakeholders helped build consensus and push those policies forward.