

World Bank, ILO reports show depth of Cyclone Ditwah disaster in Sri Lanka

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Last week, the World Bank and International Labour Organisation (ILO) issued assessment reports on the massive damage caused by Cyclone Ditwah in Sri Lanka, driving the country deeper into economic crisis and further devastating the living conditions of workers and the poor.

The cyclone developed in the Bay of Bengal in late November and entered Sri Lanka on November 28, exiting the next day. It engulfed all of the country's 25 districts in floods and triggered hundreds of landslides. The official death toll stands at 639, with 203 missing and thousands injured, some critically.

The World Bank's Global Rapid Post-Disaster Damage Estimation report puts a preliminary figure on the total damage to Sri Lanka's economy at \$US4.1 billion, or about 4 percent of gross domestic product (GDP). Around 2 million people—roughly 500,000 families—across all 25 districts were affected.

However, the ILO's preliminary assessment estimates that 16 percent of national GDP—around \$16 billion—is at risk due to the disaster. The widely differing figures only underscore the enormous scale of devastation across the country.

Infrastructure damage alone amounts to more than \$1.7 billion, or 42 percent of total losses, “disrupting connectivity and access to markets and services,” the World Bank report explains.

Of this, \$985 million is damage to residential buildings. Sri Lanka's Disaster Management Centre reported that more than 6,000 houses were completely destroyed and around 100,000 partially damaged.

Damage to non-residential buildings—including schools, hospitals, businesses and factories—is estimated at \$562 million. Two major hospitals were rendered completely inoperable and have yet to fully recover. Several schools have been forced to relocate in order to resume classes.

The University of Peradeniya, in hill district of Kandy, suffered extensive damage to its Management, Agriculture and Veterinary Science Faculties, which will not be able to resume operations in near future.

An estimated \$814 million in damage was inflicted on rural farmers and fishermen as the cyclone ravaged paddy fields, vegetable cultivation, livestock and inland fisheries. Agricultural infrastructure was also severely damaged. The World Bank warned that this would pose “serious risks to food security and rural livelihoods in already vulnerable communities.”

The ILO also estimates that Ditwah affected the jobs of 374,000 workers, with income losses reaching \$48 million per month and

has recommended emergency financial assistance and labour-intensive recovery programs.

These are not figures that can be addressed through patchwork measures. The devastation of the lives of the masses has already driven many into poverty. The COVID-19 pandemic and the impact of NATO's proxy war against Russia in Ukraine triggered an unprecedented economic crisis in 2022, compelling the then government to default on foreign debt.

President Ranil Wickremesinghe responded by securing a \$3 billion IMF bailout and began implementing its harsh dictates from 2023, including hikes in value-added tax, electricity and water tariffs, sweeping cuts to public spending, and the privatisation of state-owned enterprises to guarantee debt repayment from 2028 onward.

Since coming to power, President Anura Kumara Dissanayake's Janatha Vimukthi Peramuna/National People's Power (JVP/NPP) government has pressed ahead with implementing all the IMF's austerity measures.

When the cyclone struck late last month—amid the deepening economic crisis and IMF-imposed austerity—22 percent of Sri Lankans were living below the poverty line, with another 10 percent barely above it. The disaster will vastly intensify the social catastrophe confronting the masses.

What has been the response of President Dissanayake and his JVP/NPP government?

It turned to the IMF, seeking an additional \$200 million under the Rapid Financing Instrument. To obtain this loan, Dissanayake, in his capacity as finance minister, together with Central Bank Governor Nandalal Weerasinghe, signed a Letter of Intent on December 10 pledging to continue to adhere strictly to the IMF's austerity program.

The letter acknowledged the scale of devastation but declared that “we recognise the importance of staying prudent to preserve our fiscal and debt sustainability.”

The IMF approved the loan while warning that “fiscal discipline will be critical as Sri Lanka balances recovery, reconstruction, and debt sustainability.” It warned that emergency spending must remain within existing fiscal rules.

The IMF further warned that Sri Lanka's balance-of-payments deficit could widen to \$700 million next year and that inflation could exceed the Central Bank's earlier 5 percent projection.

The government rushed a supplementary estimate of 500 billion rupees (about \$US1.5 billion) through the parliament on December

19 to cover cyclone-related expenditure—a fraction of the World Bank’s initial damage estimates.

Dissanayake’s pledges to the IMF mean that, regardless of his rhetoric about relief, the burden on working people will intensify through new taxes and deeper spending cuts in a supplementary budget planned for 2026.

The cyclone has compounded Sri Lanka’s economic crisis, and will further intensify the political crisis of the ruling class.

Alarm has been raised internationally and within Sri Lanka. Earlier this week, 121 prominent global economists—coordinated by Professor Jayati Ghosh of Debt Justice (UK) and the Institute of Political Economy, Sri Lanka—issued a statement warning that “continuing to impose debt repayment obligations under these conditions fails to consider Sri Lanka’s capacity to service debt.”

Stating that “debt servicing undermines efforts to rebuild lives, restore agriculture, rebuild infrastructure, and provide social protection,” the economists called for the “immediate suspension of Sri Lanka’s external sovereign debt payments and a new restructuring.”

Such appeals, however, will fall on deaf ears of creditors and international financial institutions. These economists made similar pleas during the 2022 economic collapse, which triggered the four-month popular uprising from April that year. They are clearly once again haunted by the prospect of social upheaval.

Workers and the poor must oppose the government’s plans to impose the huge costs of cyclone recovery on the masses. They are not responsible for the cyclone catastrophe or the underlying capitalist crisis.

Responsibility for the disaster and mass suffering squarely falls on successive Sri Lankan governments that have failed to take essential measures necessary to mitigate the impact of such events.

Governments around the world, particularly of the major capitalist powers, all of which place profit and national interest above elementary social needs, are responsible for the unabated impact of global warming that has increased the severity of cyclones.

All opposition parties, including the Samagi Jana Balawegaya, United National Party, Sri Lanka Freedom Party and Tamil bourgeois parties are making hollow criticisms of the government for the delay in aid distribution and reconstruction. All these parties have similar records in past disasters and provide no alternative to the ruling JVP/NPP.

The Socialist Equality Party (SEP) calls on the working class to come to the defence of its class brothers and sisters, as well as the rural and urban poor hit by the cyclone. In some places, people have held protests and anger is growing over the government’s very limited assistance.

This struggle must be inseparably linked to the fight against the IMF’s savage austerity agenda, which is responsible for deepening social misery across the country.

The Dissanayake government has promised an immediate payment of 25,000 rupees (\$US81) in relief and up to 5 million rupees (\$US16,150) for housing repairs or reconstruction.

Yet even this paltry assistance has failed to reach many of those in desperate need—which only indicates what will happen with

promises of reconstruction and the revival of farming, fishing, and small and medium-sized enterprises (SME) that employ hundreds of thousands of workers.

The SEP demands are:

- All those affected must be guaranteed immediate and adequate relief; decent temporary accommodation and sustained financial assistance until secure livelihoods are restored.

- Full income support must be given to those who have lost their jobs.

- Comprehensive aid must be granted, including low-interest credit, for owners of SMEs.

- All debts incurred by disaster victims, including small businesses, must be cancelled.

The ruling class will claim there is no money, insisting that Sri Lanka must rely on loans from the financial institutions and submit to their dictates. Workers must reject their lies.

The vast wealth accumulated by the corporate elite must be expropriated, and all foreign debt repayments immediately repudiated. The money must be used for the rebuilding of lives, to expand social subsidies as well as for building necessary infrastructure.

The rebuilding of lives and infrastructure and resource distribution cannot be left in the hands of the JVP/NPP government or the capitalist state machinery.

The SEP calls for the formation of democratically elected action committees in every workplace and neighbourhood, independent of the trade union bureaucracies and all capitalist parties. Similar committees must be built in rural areas. These committees need to coordinate a unified struggle and to base themselves on a socialist program that prioritizes social need, not private profit.

The importance of the SEP’s call for a Democratic and Socialist Congress (DSC) of Workers and Rural Masses comprised of action committee delegates has emphatically come to the fore. It is the means for discussing and implementing a strategy to fight for the interests of working people and forging the necessary alliance between the working class and peasantry.

The fight against austerity and environmental catastrophe is inseparable from the struggle for a workers’ and peasants’ government, committed to socialist policies as part of the struggle for socialism internationally.



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