

Cash grants and micro-finance in livelihood recovery: experiences from tsunami-affected areas of Sri Lanka

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An HPG Background Paper

March 2006

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Acknowledgements

This background paper is part of an ODI study funded by Oxfam GB, Save the Children UK, the British Red Cross and Mercy Corps. Isidro Navarro of Oxfam, Jose Lopez of Save the Children and Ben Mountfield of the British Red Cross provided support and guidance from the outset. I am grateful to Paul Harvey, Lesley Adams and Kevin Savage of the Humanitarian Policy Group at ODI for their cooperation and guidance. Thanks are also due to those MFIs that provided information and shared valuable experience and knowledge. Finally, I would like to pay tribute to the tsunami-affected people of Sri Lanka, for their trust and for providing information crucial to the success of this study.

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List of abbreviations

BDS	Business Development Services
CBOs	community-based organizations
CBSL	Central Bank of Sri Lanka
CCF	Christian Children Fund
CFW	Cash for Work
CGAP	Consultative Group to Assist the Poor
CRB	Co-operative Rural banks
GOSL	Government of Sri Lanka
GTZ	German Technical Cooperation
HNB	Hatton National Bank
ILO	International Labour Office
MFI	Micro-finance institution
MPCS	Multi purpose co-operative societies
NDTF	National Development Trust Fund
PO	Partner Organisation
PPDS	People's Progressive Development Society
RRDB	Regional Rural Development Banks
RRDB	Regional Rural Development banks
SEEDS	Sarvodaya Economic Enterprise Development Services
SLBDC	Sri Lanka Business Development Centre
SMF	Social Mobilisation Foundation
SWOAD	Social Welfare Organisation Ampara District
TCCS	Thrift and credit cooperative societies
UNDP	UN Development Programme
WDF	Women's Development Federation (Janashakthi Bank)
YMCA	Young Men's Christian Association

1. Introduction

1.1 Background

The devastating tsunami that hit Sri Lanka on 26 December 2004 killed over 35,000 people, making it the worst natural disaster in the country's recorded history. Over 200,000 people were estimated to have lost their livelihoods, half of them in the fishing sector. It has been estimated that around 75% of the fishing fleet was destroyed. The agricultural sector lost 23,449 acres of cultivated land due to seawater intrusion. Hotels, guesthouses and tourism businesses were all damaged (GOSL, 2005). The value of the physical assets lost has been estimated at \$900 million. The value of output losses for 2005 and 2006 is around \$330 million (World Bank, ADB and JBIC, 2005). Affected areas are spread over 13 of the island's 25 administrative districts. Overall, the north-east was most affected. In the south, the districts of Hambantota, Matara and Galle were severely damaged.

Table 1: Asset losses of major livelihood groups

Sector	Asset loss (Rs.m)
Fishing	97
Tourism	250
Agriculture/livestock	3
Other	90

Source: World Bank, ADB, JBIC (2005)

ILO (2005) found that about 80% of tsunami-affected households lost their main source of income, and 90% of households had seen productive assets destroyed or damaged. Large sums of money have been committed by international organisations to restore the livelihoods of affected people. The major instruments used by organisations for restoring livelihoods are cash grants, cash for work, the distribution of livelihood-related tools and equipment (asset replacement) and access to capital and financial services (concessionary loans and micro-finance).

The injection of large amounts of cash through cash grants and CFW has been a major concern of micro-finance institutions (MFIs) since cash-based assistance has a direct linkage with micro-finance institutions and programmes. Concerns voiced by micro-finance providers in various forums and discussions include: (i) widespread provision of cash grants negatively affects the credit culture of micro-finance customers; and (ii) micro-finance providers do not have sufficient clients for their services/products, leading to closure for some. Cash grant providers argue (i) that cash grants do not necessarily cause loan-takers to lose discipline in making repayments; (ii) that cash grants can positively impact on micro-finance interventions by enabling customers to take on micro-finance by helping them to recover lost assets; (iii) that after a large-scale disaster existing micro finance programme must adapt; and (iv) that micro-finance programmes exclude (whether intentionally or unintentionally) the very poorest, who are unfamiliar with loans and are unwilling to take them on, or who are excluded due to excessive membership fees.

Documentation of agencies' positions and the beneficiaries' views is needed to clarify the arguments.

1.2 The study objectives

The major objectives of the study is to investigate the impact of cash grants on micro-finance institutions, to determine what influenced the outcome and to see whether any negative effects occurred and/or could have been avoided. The specific objectives are:

1. To describe local credit and debt markets (pre-tsunami and post-tsunami) in locations where cash grant programmes co-existed with micro-finance programmes.
2. To investigate and describe for different types of households the range and typical level of debt immediately after the tsunami, household intentions regarding debt repayment and factors influencing them.
3. To study the assistance required for micro-enterprise recovery and assistance for asset recovery.
4. To examine households' preferences for loans as against grants.
5. To analyse the impact of cash grant on local credit and debt markets including on MFI.
6. To make recommendations on best practice for micro-enterprise recovery programmes.

2. Research methodology

2.1 Data collection methods

The data for the study was mainly collected by qualitative techniques. Key informant interviews and focus group discussions were the major tools used to elicit information. Secondary data was collected from published and unpublished reports, newspaper articles and records maintained by micro-finance organisations. Key informant discussions were conducted among selected micro-finance providers, namely SEEDS, SANASA, the Women's Development Federation (Janashakthi Bank), Sareeram Sri Lanka National Foundation, SWOAD, the YMCA, the Sewa Lanka Foundation, GTZ, UNDP, the Stormme Foundation, the People's Progressive Development Society (PPDS) and the Social Mobilisation Foundation (SMF). Focus group discussions were conducted in study areas where both cash grant and micro-finance programmes were implemented. Data collection was completed in late September and October 2005.

2.2 Study sites

Focus group discussions were conducted in selected tsunami-affected areas in Ampara, Batticaloa and Hambantota districts.

The coastal district of Ampara is in south-eastern Sri Lanka. The population is mainly Muslim. Some parts of the district are affected by ethnic conflict. Ampara was the district worst-affected by the tsunami, with 10,436 deaths. Almost 40,000 families (193,000 people) were affected. The tsunami hit fishing communities particularly hard. Other affected livelihood groups included farmers, casual labours, skilled workers, businessmen, petty traders and people working in the tourist sector.

Batticaloa is in eastern Sri Lanka. The majority of the districts inhabitants are Tamil, and Tamil rebels control some parts. Out of 14 DS divisions, nine were affected by the tsunami. Almost 3,200 people in the district were killed and 255,000 affected. As in Ampara, fishing communities were particularly badly hit, followed by farmers. Large-scale damage was inflicted on coconut, Palmyra, cashew and paddy cultivation.

Hambantota is a Sinhalese-dominated district in the southern part of Sri Lanka. It suffered over 4,000 deaths in the tsunami, and more than 15,000 people were displaced. More than 4,000 houses were destroyed or damaged; about 17% of the district's population was directly affected. Fishing, cultivation, trade and tourism were the most affected livelihoods. The fishing community suffered the most losses in terms of productive assets.

Field sites for the focus group discussions from selected districts were chosen to cover government-controlled areas and rebel-controlled areas, ethnic differences, regional variations and urban/rural differences. Saithamaruthu, Thirukkivil and Akkaraipatthu areas in Ampara district, Vaharai and Kaludavalvai in Batticaloa district and Andaragasyaya, Kirinda and Tangalle areas in Hambantota district were selected for the detailed study.

3. The micro-finance market in Sri Lanka

MFIs in Sri Lanka have provided important support for the development of micro and small-scale enterprises and in creating employment for poor Sri Lankans. Poor people are typically denied credit facilities in commercial financial institutions due to a lack of collateral, perceptions of risk on the part of the bank and a lack of links between poor people and the banking sector. Rural financial networks have been expanding since the 1970s. The financial sector was deregulated in 1977, and Regional Rural Development Banks (RRDB) were established in 1986.

There are three main types of MFI (Attanayake, 1997):

- i) Formal credit institutions – This category includes state and private commercial banks and RRDBs.
- ii) Co-operatives – Thrift and credit cooperative societies (TCCS) and Co-operative Rural Banks (CRB) linked to multi purpose co-operative societies (MPCS) are the major players in the co-operative sector dealing with rural credit.
- iii) Semi-formal financial institutions – This group consists of a large number of micro-finance institutions run by NGOs and community-based organisations (CBOs). Sarvodaya Economic Enterprise Development Services (SEEDS), SANASA, Janashakthi Bengu Sangam, SWOAD, SAREERAM and the Social Mobilisation Foundation are among the more important semi-formal financial institutions.

In addition to the above three categories of MFI, informal sources of micro finance play a prominent role in providing financial services to the poor, both in rural and urban areas. Village moneylenders and shopkeepers are also major sources of informal credit.

The micro-finance sector is active in most parts of the country. There are about 14,000 micro-finance outlets, with an average coverage of 1,300 people per outlet (Daily Mirror, 2005). Relative to population, there is a higher concentration of MFIs in the south than in the conflict-affected north and east. The average value of loans is equivalent of Rs4,000 per family in the south, and less than Rs500 per family in the north and east. On average, over one loan is given for every two families in the south; in Batticaloa, Trincomalee, Jaffna and Wannai the ratio is one for every 14 families (Gant et al., 2002).

The market is dominated by small MFIs and community-based micro-finance groups. MFIs mostly do not have any micro-finance strategy or know-how, and there is a lack of regulatory frameworks. Local NGOs account for on average less than 5% of micro-credit provision nationally, but for between 50% and 90% in the north and east. There are very few professional MFIs in the north and east.

The cooperative model is the largest service provider in terms of number of loans, which are mainly offered through CRB and TCCS. These institutions supply micro-credit largely from members' savings deposits. Of the major micro-finance providers, the co-operative sector has provided about 50% of the total number of micro-loans, and disbursed Rs6.1 billion during 2000. Samurdhi is the largest service provider among government MFIs, and disbursed Rs1,659 million in loans among 182,839 beneficiaries during 2004. SEEDS is the largest private sector service provider in the

country; it disbursed Rs1,064.3 million among 45,457 clients in 2003. Table 2 illustrates the performance of some major MFIs in Sri Lanka.

Past experience in government-sponsored agricultural micro-finance programmes and with micro-finance programmes implemented by aid agencies is of poor loan recovery and loan write-offs. The micro-credit programme implemented by two state-owned commercial banks (People's Bank and Bank of Ceylon) between 1978 and 1994 reported 71% and 64% recovery rates respectively; UNDP's revolving fund programme managed 35% recovery (Mitchell, 2005). Although most of the MFIs operated by NGOs show very high recovery rates of over 90%, MFIs have not adopted international standards in calculating loan recovery and have not incorporated the portfolio at risk ratio in their calculations. The delinquency rate for most MFIs in Sri Lanka is below 60%, which is very low (personal communication with Stromme Foundation, GTZ and ILO). As Mitchell (2005) points out, the entire micro-finance sector in Sri Lanka except CRBs and RDBs is subsidised by donors or the government, which means that it is unsustainable.

Table 2: Savings mobilisation and loan disbursements of selected MFIs (2003)

Type of Savings	(Rs. million)						Total	%
	Co-operative Rural Banks (CRBs)	Regional Development Banks (RDBs)	SANASA	SEEDS	Jana-Shakthi Bank	SANASA Development Bank		
Total savings	18,688	6,344	4,902	n.a.	65	1,490	31,489	100.0
Savings	13,477	4,102	1,385	n.a.	28	380	19,372	61.5
Special savings	5,211	0	1,899	n.a.	17	6	7,133	22.7
Fixed deposits	0	2,242	741	n.a.	1	943	3,927	12.5
Shares		0	877	n.a.	19	161	1,057	3.4
Total loans granted	3,327	6,345	3,176	1,039	367	646	14,900	100.0
Agriculture	850	497	573	103	308	7	2,338	15.7
Animal husbandry	101	64	165	29	0	0	359	2.4
Fisheries	33	47	0	18	0	0	98	0.7
Small industries	280	340	62	157	29	12	880	5.9
Building construction	185	0	1,233	0	0	56	1,474	9.9
Project/commerce	226	499	288	564	0	209	1,786	12.0
Other	1,652	4,898	855	168	30	362	7,965	53.5

Source: Central Bank of Sri Lanka, 2004

3.1 Access for the poor

Many poor Sri Lankans are ineligible for formal credit, and prefer semi-formal and informal credit sources. Reasons include:

- Informal sources are more convenient, and a loan is supplied on the spot.
- Formal credit requires long procedures and paperwork and takes time to come through, which means it might not be available when needed.

- Formal credit incurs hidden costs such as transport costs and loss of labour time due to multiple trips to the bank and the requirements of guarantors.

Levels of access to MFIs by poor people are given in Table 3. The table highlights that majority of the poor who have accessed MFIs are women.

Table 3: Poor people's access to MFIs

MFI	Total actual clients as at end of 2004	Poor clients as at end of 2004	% of poorest clients that as women
Samurdhi Authority of Sri Lanka	467,565	467,565	65
SEEDS	431,181	261,108	61
Samastha Lanka Praja Sanwardana Mandalaya	43,212	32,468	81
Agro-micro finance	23,562	9,750	73
Christian Children Fund	3,000	3,000	87

Source: Daily Mirror, 12.12.2005

Access to financial services for the very poorest is often denied by most of the major MFIs, partly because of fears of risky lending. In other words, most of the MFIs target the entrepreneurial poor. The major problem experienced by small-scale entrepreneurs in the past has been securing the credit to start an enterprise (Colombage, 2004; Aheeyar, 2004). Lack of collaterals prevents MFIs from providing larger loans.

3.2 Interventions

The main features of micro-finance interventions undertaken by most MFIs included easy access to poor people, group-based savings, group-based lending and group collateral and credit-plus services. The interventions are aimed at promoting income-earning opportunities and capacity development.

The development approaches adopted by MFIs have a number of similarities. The fundamental aspect of the approach is the establishment of small groups at grass-root level. Groups normally comprised 5–7 members, living in the same village and with a more-or-less equal social and economic status. A federation of small groups at village level forms a village micro-finance society or self-banking society.

Group savings programmes aim to promote saving habits among poor people and enhance their financial management skills. Second, they serve as an entry point for social mobilisation and a focus for collective action. Third, group savings and intra-group lending reduce the vulnerability of poor people by providing speedy access to cash and reducing dependence on high-interest informal moneylenders. Fourth, saving mobilisation reduces the risk involved in the MFI lending to the poor (Gunathilaka & Salih, 1999).

3.3 The impact of the tsunami on the local financial market

The impacts of the tsunami on micro-finance service providers were seen across the sector in damage to the infrastructure, the loss of documents, the death and injury of customers and bank staff and asset losses incurred by customers. MFIs were affected by the disaster in several ways.

- As most of the MFIs are dependent on people saving, there were liquidity problems due to the immediate decline in inflows of cash.
- In most MFIs, transactions were very limited in the three months after the tsunami. Most transactions involved withdrawals rather than deposits.
- There was a decline in repayments of loan instalments soon after the emergency.
- Some of the members of MFIs had died or had lost their immediate family members or their belongings.
- Some members had lost livelihood assets and income sources, preventing them from repaying loans.

A survey report prepared by GTZ and SLBDC (2005) on tsunami-affected MFIs shows that about 31,000 MFI members were directly affected by the tsunami. Out of this, 14,000 were from the southern coastal belt and 17,000 from the north-east. Approximate losses incurred by MFIs in the south is about Rs21.6 billion. Losses sustained by MFIs in the north and east were around Rs10.62 billion (*ibid.*).

Figure 1: Tsunami-affected micro-finance membership

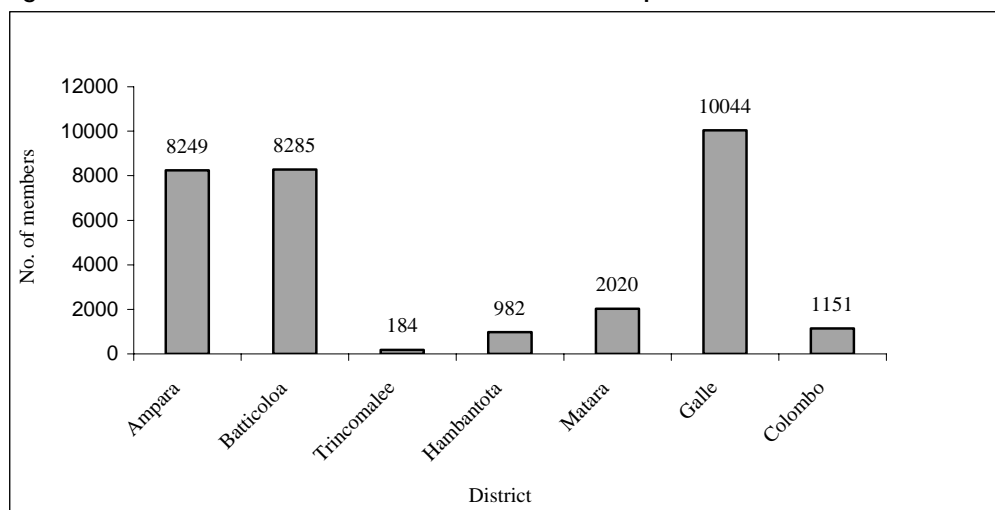
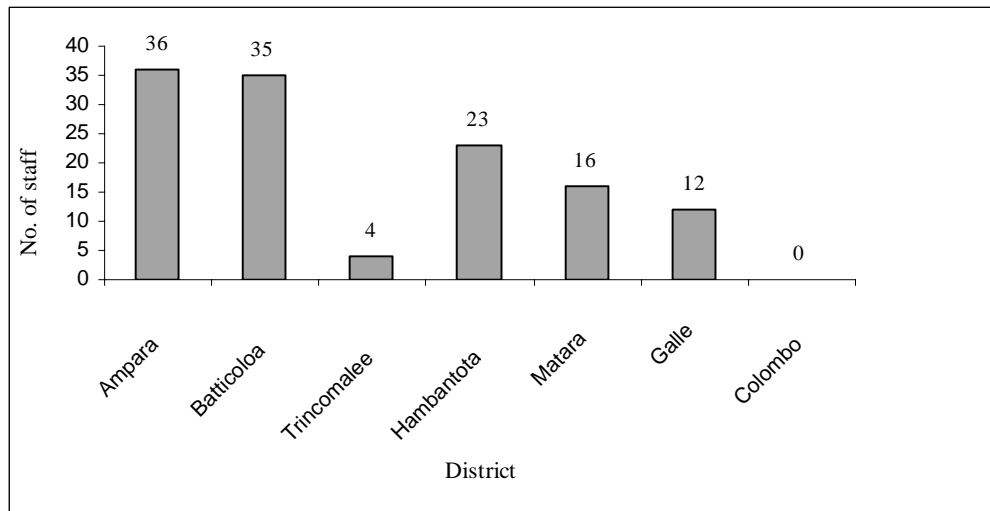


Figure 2: Tsunami-affected MFI staff**



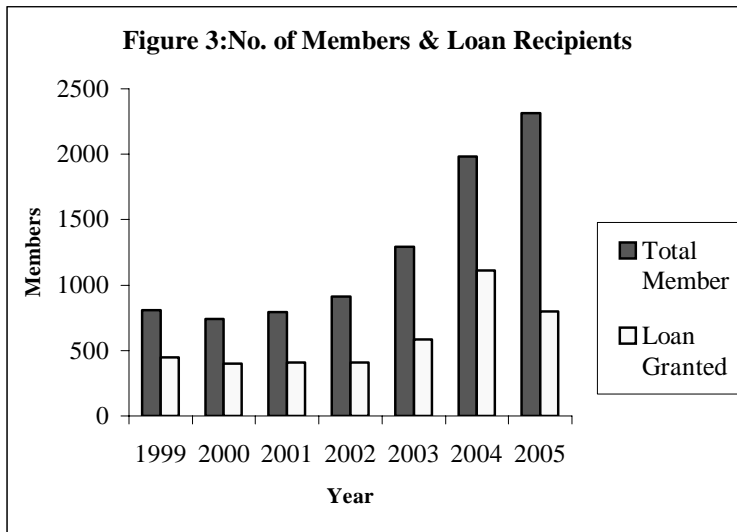
** Includes loss of life of staff or loss of lives of family members or loss of assets and other belongings

The following organisations were among those worst affected by the tsunami.

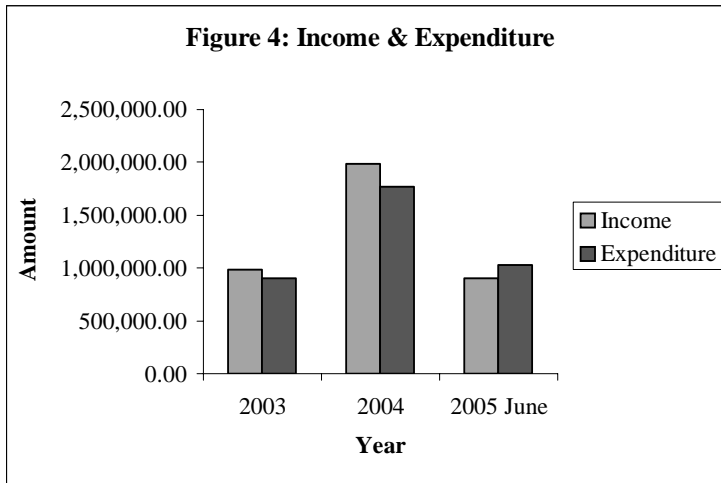
- | | |
|---|----------------------|
| 1. SWOAD, Ampara | - Rs6.0 billion loss |
| 2. Ruhunu Development Bank | - Rs3.5 billion loss |
| 3. SANASA, Galle branch | - Rs7.5 million loss |
| 4. Women's Development Federation (WDF)
(Janashakthi Bank, Hambantota) | - Rs2 million loss |

About 1,500–2,000 members of WDF with a total debt of Rs10 million were affected. WDF incurred losses of Rs2 million due to the death of members and damage to property. The Derba project in Batticaloa district had 64 branches with 36,000 members. The project incurred losses of Rs6.5 million after the tsunami. The YMCA in Batticaloa had about 450 tsunami-affected members out of a total of 2,300. Twenty-seven SANASA banking societies were damaged. Approximate losses came to Rs300 million. About 27,000 members of SANASA were affected in all (Personal Communication, SANASA Federation, Colombo). No government policy is in place to waive or forgive the debts of disaster-affected communities.

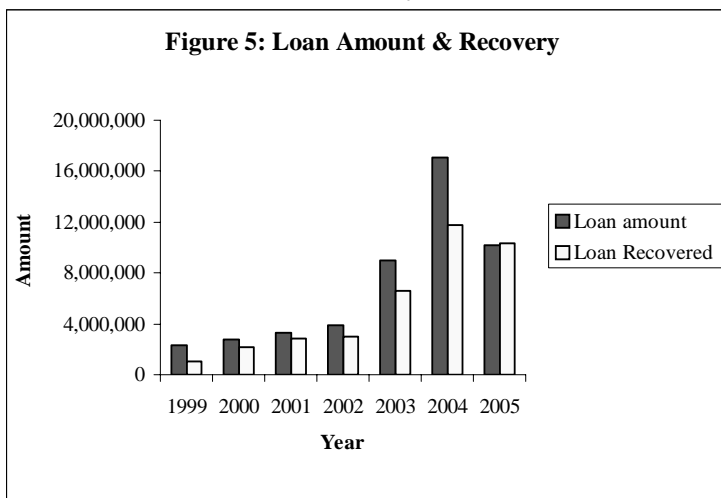
Loan recovery rates started to pick up 3–4 months after the tsunami. According to the YMCA in Batticaloa, loan recovery rates before the tsunami were 95.3%, falling to 74% and 65% in January and February 2005 and then recovering to 85% in October 2005. YMCA reduced monthly interest rates from 2% to 1.8% for tsunami victims. The impact of the tsunami on the performance of YMCA-Batticaloa's micro-finance women's empowerment project is illustrated in Figures 3–5.



Source: Women's empowerment project, YMCA, Batticaloa



Source: Women's empowerment project, YMCA, Batticaloa



Source: Women empowerment project, YMCA, Batticaloa

SEEDS has written off about Rs20 million in loans to members who lost livelihood assets completely. The total value of loan defaults to SEEDS is Rs75 million. About Rs55 million in loans will be rescheduled. SEEDS disbursed 18,321 loans between October and December 2004 worth Rs510.5 million, but this number had fallen to 12,670 in July–September 2005, worth Rs421.11 million. SEEDS Batticaloa wrote off the loans of 75 beneficiaries totalling Rs247,000, and introduced a six-month grace period. About 2% of affected members in Batticaloa refused to pay their debts. Loan recovery rates for SEEDS Batticaloa are given below.

November 2004	-	91%
December 2004	-	84%
January 2005	-	84%
February	-	62%
August 2005	-	91%

Loan recovery rates for SWOAD are as follows:

November 2004	-	98%
January 2005	-	20%
February 2005	-	20%
March 2005	-	70%

3.4 Levels of debt

The level of debt in communities varies depending on wealth groups, urban and rural differences and government-controlled and rebel-controlled areas. Context determines differences in living style, access to financial sources, opportunities for investment and the scale of operation of micro enterprises, which determines financial needs and debt levels.

Government-controlled areas generally have relatively greater access to financial services from commercial banks, development banks, MFIs and informal money-lenders. People in rebel-controlled areas normally receive financial services from MFIs and informal money-lenders. Outreach of licensed commercial and development banks in rural sectors is very poor. The difference in availability of formal banks is one factor which determines the level of dependency on informal money-lenders. Despite the availability of commercial banks, people from low wealth groups do not rely on commercial banks for credit; instead, they commonly pawn of jewellery. Vinay Raj (2005) shows that lending to the poor from two state-owned commercial banks in Batticaloa district accounts for just 2% of the total portfolio. The amount of credit provided by MFIs is decided based on the level of savings, the performance of the beneficiary in past debt repayment and the credit culture of fellow members of the group. Beneficiaries have to begin with small loan amounts (Rs.3,000–5,000); larger amounts are disbursed by stages based on previous performance.

Debts held by communities after the tsunami in selected locations are described below.

1) The Vaharai rebel-controlled area

Large numbers of small micro-finance organisations function in the area. People have a typical pre-tsunami debt level of Rs5,000–10,000 from Samurdhi microfinance and other local organisations.

Debts were incurred for livelihood activities, especially to purchase fishing nets and implements and for seasonal agricultural activities. The beneficiaries paid back their debts from the seasonal income they earned from fishing and agriculture. However, the majority of affected people lost their livelihood assets and working capital, or lost their crops due to salinisation.

Most of the MFIs working in the area are delivering services through village-level CBOs or self-banking societies. Most national MFIs are reluctant to operate for security reasons and because of the high risks associated with loan recovery. People are highly dependent on informal money-lenders during the farming and fishing off-season. The interest rate varies from 60–120% per annum. Beneficiaries had a debt level of Rs1,000–2,000 from informal money-lenders, and had paid only the interest portion of the loan some months after tsunami, out of earnings from CFW and other cash transfers.

2) Kaludavalia in Batticaloa district (a government-controlled area)

People have access to national-level MFIs, local MFIs and commercial banks. A commercial bank is 12km away from the village. People in low wealth groups had a typical pre-tsunami debt level of Rs.12,000, ranging up to Rs.20,000. They had borrowed from MFIs, village money-lenders and village traders, and by pawning in commercial banks. The majority of the loans were taken out for livelihood purposes. One farmer said that he had obtained Rs.8,000 from Sareeram MFI to cultivate 1.5 acres of rice land, but the total cost of cultivation was Rs.20,000, and he had borrowed the difference from a trader. The farmer had signed a forward selling contract with the trader, who supplied fertilizer, agro-chemicals and seeds.

3) Thirukkivil in Ampara district (a remote village)

Area-based local MFIs such as SWOAD and NEIAP and national MFIs such as Samurdhi are major actors in the micro-finance market. Pawning to informal money-lenders is also popular. Typical debt levels range from Rs.5,000 to Rs.15,000 among low-wealth tsunami-affected communities. The major source of finance for wage labourers and the poorest were informal money-lenders and traders in the village. The amount of debt to informal money-lenders is Rs.1,000 to Rs.3,000.

4) Akkaraipaththu

Akkaripaththu is a peri-urban area of Ampara district. Formal banks, MFIs and informal money-lenders are all accessible. Beneficiaries belong to low-wealth groups, and have a debt level ranging from Rs.8,000 to Rs.20,000. Although there is a large number of formal financial organisations in the area, pawning and purchasing on credit from traders were the most popular method of meeting emergency financial needs among low-wealth groups.

5) Kirinda

Kirinda is a remote village in Hambantota district. The nearest township is 14km from the village. Beneficiaries mostly use MFIs and informal money-lenders for their credit needs. Farmers in the village obtained Rs.10,000–Rs.15,000 for cultivation, mainly through pawning. The Christian Children's Fund (CCF) also provided credit to farmers.

Since Kirinda is a place of worship and local tourism, a large number of people depend on small-scale trading and mobile businesses. These traders had a pre-tsunami debt of Rs.10,000–Rs.30,000. However, loss of assets ranged from Rs.25,000 to Rs.50,000.

Fishermen obtained loans ranging from Rs.5,000 to Rs.20,000 partly for livelihood needs and partly to meet consumption needs during the off-season. They paid the interest component of the loan after the tsunami out of various cash transfers.

6) Andaragasyaya

Andaragasyaya is closer to Kirinda village. The majority of beneficiaries were upland cultivation farmers (non-rice farmers). The costs of the cultivation of non-rice crops were higher compared to rice cultivation. Farmers generally obtained initial capital for cultivation through pawning jewellery and from self-banking societies (MFIs) in the village. The payment of the loan plus interest takes place after harvesting. The tsunami caused a complete loss of crops and prevents them from paying debts. Most of the beneficiaries have paid the interest component of the pre-tsunami loan using cash transfers. The current debt level ranges from Rs5,000 to Rs35,000. The typical level of loan among farmers is about Rs.15,000.

3.5 MFI interventions after the tsunami

Some examples of MFI interventions post-tsunami include:

- YMCA – Batticaloa distributed a cash grant for 300 victims selected by village animators at a rate of Rs.5,000 to meet the emergency expenses.
- SAREERAM Sri Lanka National Foundation provided micro-finance services to its 5,095 members in 65 villages in Batticaloa, Ampara and Polonnaruwa districts.
- SWOAD, one of the worst-affected MFIs, implemented livelihood recovery projects as a PO on behalf of Oxfam GB in Thirukkivil and Vinayagapuram divisions of Ampara district. The total value of the project was Rs.40,934 million, targeting 1,505 beneficiaries.
- SANASA, one of the leading MFIs, implemented a large number of livelihood recovery programmes in various parts of the country, among members and non-members. In Matara district alone, SANASA provided conditional cash grants for livelihood recovery valued at Rs.4.05 million among 390 beneficiaries as a first instalment, and Rs1 million among 124 beneficiaries as a second instalment.

Box 1: Cash grants for livelihood recovery through CBOs

Kirinda attracts a large number of pilgrims during festive seasons, which provides substantial income for petty traders in the village. CARE targeted 50 tsunami-affected petty traders for an economic recovery programme. The selected beneficiaries were provided Rs5,000 cash through a petty traders' association (a CBO). The traders decided to pay back the cash grant to the CBO with a 1% monthly interest rate within six months. Cash repaid was to be used as a CBO revolving fund for the benefit of the members. At the time of the research, beneficiaries had paid back over 75% of the cash provided to the CBO. The revolving fund was expected to be very useful in enabling CBO members to earn additional income during festive seasons.

There were reports of uncoordinated and poorly targeted cash grants. Some areas attracted a large number of NGOs and aid agencies, resulting in more cash and in-kind assistance than was required. According to the MFIs, this had a negative impact on repayment cultures and on the honesty of beneficiaries. There is insufficient evidence to prove that excessive cash grants affected

the repayment culture of beneficiaries. In any case, the problem lies not with the concept of cash assistance, but with a lack of coordination and improper targeting in its delivery.

A considerable number of beneficiaries in all locations used some portion of cash transfers for pre-tsunami debt repayment, either to host families or to formal or informal lending institutions (Helvetas, 2005). Recipients reported that reasons for making repayments out of grants included pressure exerted by members of micro-finance beneficiary groups, a reluctance to accept long-term indebtedness, the fact that, via transfers, the cash to settle debts was available, to safeguard the asset provided as surety to obtain the loan and to protect the MFI from financial collapse. Beneficiaries who had obtained credit from informal sources had to pay the loan off unless the money-lender wrote it off, otherwise they faced intimidation and harassment. Some beneficiaries obtained credit from commercial banks for house reconstruction, using the house itself as collateral. At the same time, there is evidence from all the selected locations that some beneficiaries were repaying loans out of income from livelihood activities started with working capital provided by the cash transfer.

Box 2: Using cash grants for debt repayment: some examples

Kaludavalai village

A man had obtained Rs.20,000 for agricultural purposes from a commercial bank through pawning jewellery. He paid back Rs.10,000 of the loan after the tsunami using a cash grant provided by the government to the bank.

A woman had a debt of Rs.5,000 owed to Samurdhi bank. She settled the debt using a cash grant provided by the government.

Akkaraipathu peri-urban area

A small trader obtained a Rs30,000 loan for his business. He repaid Rs5,000 out of government cash transfers.

A poultry farmer lost all his assets in the tsunami, and had debts of Rs20,000. He was given a grace period to repay his loan by the MFI, but repaid Rs.10,000 out of a government cash transfer as soon as he received the money.

Kirinda village

A farmer had a cultivation loan of Rs.30,000. He obtained Rs.5,000 from CCF and Rs.25,000 from a commercial bank by pawning jewellery. CCF wrote off the cultivation loan. He has paid Rs. 10,000 to the commercial bank from the cash transfers he received.

Another farmer had a pre-tsunami debt of Rs15,000 with a commercial bank, using his jewellery as surety. He could have paid only the interest portion of the loan after the tsunami using cash transfers, but instead decided to redeem Rs10,000 using government cash transfers.

Source: author's focus group discussions

Box 3: Cash grants plus loan write-offs for livelihood recovery

A five-member family in Hambantota ran a business which provided its sole income source. The breadwinner was killed in the tsunami, and business assets, household goods and working capital were destroyed. The family had a pre-tsunami debt of Rs75,000 owed to SEEDS, and a debt of Rs100,000 to a commercial bank. SEEDS agreed to write off the loan, but the bank exerted pressure on the family to repay the debt. SEEDS decided to provide a cash grant of Rs25,000 to enable the family to restart livelihood activities.

Source: Authors' key informant discussion, SEEDS, Hambantota

3.6 Micro-enterprise recovery

The assistance required for micro-enterprise recovery varies from Rs10,000 to Rs100,000. Rice farmers need about Rs13,000 per acre (average farm size per household is about two acres). Fishermen need about Rs40,000, rising to Rs100,000 for coastal fishing using boats. Small-scale cottage industries and self-employment need financial support of Rs.5,000 to Rs.50,000.

The government of Sri Lanka (GOSL) financed the recovery of micro, small and medium enterprises through the Central Bank of Sri Lanka (CBSL) and the National Development Trust Fund (NDTF). CBSL launched a concessionary loan scheme called 'Susahana' and the NDTF implemented a credit scheme through 52 POs working in Tsunami affected areas. Both schemes provided credit at subsidised interest rates and under relaxed collateral conditions. Interest on the Susahana loan was 6% per annum; Rs.3.8 billion had been disbursed among 8,000 borrowers by the end of September 2005. The majority of borrowers were small-scale entrepreneurs (Daily Mirror, 26.10.2005). The maximum loan per borrower is Rs.100,000 for micro entrepreneurs, Rs.10 million for small and medium-scale entrepreneurs and Rs.60 million for hotels and restaurants. The scheme provided a one-year grace period without interest; repayment has to be completed within eight years. The sectoral breakdown of the Susahana scheme is shown in Table 4.

Table 4 : Progress of the Susahana loan scheme as at 15 October 2005

Sector	No. of loans	Amonunt (Rs.m)
Agriculture	52	6.05
Industry	651	293.76
Fisheries	2808	958.72
Trading	1288	659.24
Tourism	1652	988.00
Transport	313	156.13
Self-employment	263	33.45
Other services	600	410.32
Others	651	310.29
Total	8278	3807.96

Source: Daily Mirror 26.10.2005

Under the NDTF loan scheme, about Rs.700 million is available at 6% annual interest. As of October 2005, Rs.208,113,800 had been disbursed among 5,579 beneficiaries, with the largest contributions going to the small-business sector. The NDTF scheme is summarised in Table 5.

Table 5: Summary of NDTF tsunami emergency credit disbursement (10 August 2005)

District	NDTF to PO (Rs)	PO to end Borrowers (Rs)
Ampara	27,041,000	25,978,000
Batticaloa	37,329,500	36,054,500
Trincomalee	8,507,500	8,340,000
Jaffna	13,045,000	12,480,000
Gampaha	985,000	821,800
Colombo	8,991,800	10,006,500
Kalutara	4,787,000	4,614,000
Galle	56,925,000	56,978,500
Matara	39,082,000	41,620,000
Hambantota	11,420,000	10,075,000
Total	208,113,800	206,968,300

Source: NDTF

SEEDS in Batticaloa implemented a number of new credit schemes for tsunami-affected members. The major credit projects are:

- A micro-finance scheme funded by the Netherlands (NOVIB), involving 480 beneficiaries at an interest rate of 12% per annum. The loan limit is between Rs.10,000 and Rs.50,000.
- A USAID-funded credit scheme has been implemented at the maximum limit of Rs.100,000 per beneficiary. The loan has to be repaid within two years, at 18% interest. About 55 beneficiaries have benefited.
- About 20 beneficiaries have received Rs.200,000 each at 18% interest. The loan has to be repaid within two years.
- Holciem cement, a private company, provided financial assistance of Rs.30,000 to 300 beneficiaries. SEEDS set a 24% annual interest rate.

3.7 Grants versus loans for enterprise recovery

NGOs and funding agencies provided a mix of cash grants and micro loans (about Rs.15,000 cash grant, plus a loan of Rs.15,000) for rice farmers in Batticaloa. Farmers were asked to repay the loan component soon after the harvest in order to qualify for future consideration. This meant that farmers sold their harvest immediately at lower prices (paddy commands a higher price during the off season). The result was a very low level of income for farmers.

According to ILO (2005), 94% of people planning to be self-employed or in business lacked funds. Of these, 64% expected to receive a grant and 30% expected a loan. Only 21% of potential recipients had submitted applications for a business loan. The main reasons for this hesitation were a reluctance to take on risk, a lack of knowledge of procedures, lack of collateral and a lack of social infrastructure.

4. Conclusions and recommendations

4.1 Major findings

The micro-finance sector in Sri Lanka has very high levels of outreach, with a large number of players and a long history. There is on average one outlet per 1,300 people. However, spatial distribution varies, with a higher concentration of actors in the south of the country, albeit many are insignificant and do not fall within any regulatory framework.

MFIs have been working in Sri Lanka with a long-term development agenda, and the approaches of interventions adopted by MFIs have helped to develop a credit culture among beneficiaries, with good repayment discipline. Savings are high relative to loans, and MFIs have excess liquidity. In general, MFIs do not lend to non-members. Poor people have less or no access to formal commercial banks for credit, other than pawning jewellery as surety.

The tsunami inflicted significant damage on MFIs and their members. Some MFIs responded by writing off loans, using grants received from donors. The credit/debt market suffered a significant setback for up to three months afterwards, before starting to recover. Almost 15% of those intending to restart livelihood activities have an unpaid pre-tsunami debt. Entrepreneurs' indebtedness in the north is high. Typical pre-tsunami debt levels in poor segments of the community vary between Rs.5,000 and 20,000.

All the major MFIs were involved in post-tsunami relief and non-financial services, and some provided cash grants. Cash transfers received by the government and other organisations were used to repay existing debts, and to restart livelihood activities. The reactivation of livelihoods using cash grants helped clients to begin repaying loans. However, uncoordinated cash interventions in a few locations resulted in double delivery and duplication, which affected the credit culture of micro-finance clients. About 80% of individuals self-employed or in business in tsunami-affected areas have not applied for a loan, despite their need for funds. Lack of collateral is a serious hindrance to access. The high risks involved in obtaining further loans, previous loan defaults and lack of knowledge of the procedures for obtaining loans are other reasons for people not applying. Government interventions in post-tsunami loan disbursement were insufficient to cover the operating costs of MFIs.

4.2 Recommendations

1. Relief and grants are essential for rebuilding disaster-affected communities, but not sufficient to meet all the incurred losses. Micro-finance services enable beneficiaries to accelerate the rebuilding process. Cash grants and micro-finance programmes need to be implemented in post-disaster recovery in a well-coordinated manner for the long term development of affected communities.
2. A forum of micro-finance institutions is essential and there is an urgent need for cooperation and coordination to avoid duplication and overlapping efforts.
3. Programmes of technical assistance and other policy tools are important in increasing competencies and the institutional capacity of MFIs in order to enhance performance and increase sustainability.
4. Providing grants to allow MFIs to write off loans is not recommended, because it leads to a loss of entrepreneurial capacity within already weakened MFIs, creates donor dependency and is a

disincentive to efficiency and institutional sustainability. Grants/loans need to be sufficient to allow for the repayment of pre-disaster debt *plus* covering household and business costs during recovery.

5. Partnerships between grant-giving agencies and MFIs are the clearest way to conceptually separate grants and loans in the minds of beneficiaries.
6. MFIs and local insurance companies should be assisted and promoted to develop appropriate insurance packages for the micro-finance sector for possible loan defaults due to disasters, and for client savings. Low-premium micro-insurance policies would reduce vulnerability and help MFIs to transfer and spread risk.
7. MFIs should be supported to provide non-financial and business development services to tsunami-affected communities as livelihoods are restored, which will help them to maintain relationships with clients and maintain the credit culture.
8. Subsidised loans are of little significance to clients, but have long-term negative effects for MFIs and their future activities, compared to cash grants. Therefore, subsidised loans are not recommended. Offering loans at market rates ensures organisational sustainability.
9. GOSL should formulate a policy regarding debt write-off for disaster-affected communities which will help people to utilise the cash grant for livelihood re-activation without facing pressures to repay debt by MFIs.
10. Loan providers need to monitor repayment and identify whether the provision of a loan rather than a grant after the tsunami was appropriate for each client.

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- United Nations Development Programme (UNDP), 2000, Sri Lanka: A Framework for Poverty Reduction. Colombo: UNDP
- World Bank, ADB, JBIC, 2005.Sri Lanka Post-tsunami Recovery Programme Preliminary Damage Assessment. Colombo Annex viii Livelihoods

Annex 1: Losses incurred in agriculture, livestock and fisheries enterprises

Table 1.1: Crop losses

District	Field crops in acres			Permanent Crops			
	Rice	OFC	Veg.	Coconut (number)	Cashew (number)	Betel (ac)	Fruit crops (num)
Ampara	4,833	105	258	2,371	-	-	-
Batticaloa	137			18,629	6,447	26	13,430
Trincomalee	179	583	125	2,914		-	-
Hambantota	959		160	287			18,874
Matara	263		79	579			19,626
Total	6,371	932	1,233	23,914	6,447	26	51,930

Source: Ruhuna, Eastern and Jaffna Universities, 2005, Need Based Assessment of Agriculture and Livestock Sectors Affected by Tsunami

Table 1.2 : Livestock losses

District	Livestock (Number)		
	Cattle	Goats	Poultry
Ampara	1,208	1,192	91,398
Batticaloa	2,449	3,034	68,441
Trincomalee	472	1,092	8,022
Hambantota	213	6	962
Matara	81	133	10,923
Total	4,423	5,457	179,476

Source: Ruhuna, Eastern and Jaffna Universities, 2005, Need Based Assessment of Agriculture and Livestock Sectors Affected by Tsunami

Table 1.3: Farm equipment Losses

District	Farm equipment (no.)				
	4W tractors	2W tractors	Water pumps	Sprayers	Others
Ampara	-		96	131	-
Batticaloa	7	1	303	450	7
Trincomalee	-	-	231	166	-
Hambantota					
Matara	1		15	21	2
Total	8	1	645	768	9

Source: Ruhuna, Eastern and Jaffna Universities, 2005, Need Based Assessment of Agriculture and Livestock Sectors Affected by Tsunami

Table 1.4: Fishing craft damage estimates

District	No of Craft		MDB		3 ½ Ton		17-23 FRP		Trad. Craft		Beach Seine	
	Pre-T	Post-T	DS	DM	DS	DM	DS	DM	DS	DM	DS	DM
Ampara	1,571	1,673	8	-	255		260		1,150		88	
Batticaloa	2,952	2,510			75	244	200	219	1,150	622	105	42
Hambantota	1,733	1,597	83	55	21	8	463	180	537	250	45	15
Matara	1,489	1,367	13	118	44	53	174		488	277	9	-
Trincomalee	2,707	1,929	1	11	3	32	50	500	700	632	80	10

Note: FRP=Fiberglass Reinforced Plastic, MDB=Multi Day Boat, DS=Destroyed, DM=Damaged, Trad=Traditional, T=Tsunami

Source: FAO, 2005. Fisheries Sector Damage and Needs Assessment and Programmes for Recovery and Rehabilitation, Colombo

Table 1.5 : Fishing gear and outboard motor losses

District	Fishing gear units	Outboards missing
Ampara		65
Batticaloa	600	
Hambantota		3
Matara		
Trincomalee	900	900

Source: FAO, 2005. Fisheries Sector Damage and Needs Assessment and Programmes for Recovery and Rehabilitation, Colombo

Annex 2: Major MFIs in Sri Lanka

1. Commercial banks

Bank of Ceylon
Dev. Banking Division 25th Floor
Bank of Ceylon Head Office
Colombo 1.
Tel: 011 2445807

People's Bank
75, Sir Chittampalam Gardiner Mawatha
Colombo 2.
Tel: 011 2382348

Hatton National Bank
479, T B Jayah Mawatha, HNB Towers
Level 19, Colombo 10.
Tel: 011 2661987

Seylan Bank
Level 14, Ceylinco Seylan Towers
90, Galle Road, Colombo 3.
Tel: 011 4701462

2. Development banks

Kandurata Dev Bank
130, Katugastota Road
Kandy.
Tel: 081 2214115 / 2214116

SANASA Development Bank
340 2/1, R A De Mel Mawatha
Colombo 3.
Tel: 011 2375086

Rajarata Dev Bank
338/18, Mosque Road, Bank site
New Town, Anuradhapura.
Tel: 025 2223031 / 2223033

Uva Dev Bank
26, Bank Road
Badulla.
Tel: 055 2222849

Ruhunu Dev Bank
382A, Anagarika Dharmapala Mawatha
Pamburana, Matara.
Tel: 041 2228414 / 2226208-9

Wayamba Dev Bank
155, Negombo Road
Kurunegala.
Tel: 037 2227567 / 2227428

Sabaragamuwa Dev Bank
28, Bandaranayake Mawatha
Ratnapura.
Tel: 045 2223120

3. Finance companies

Lanka Orix Finance Company Limited
79, C W W Kannangara Mawatha
Colombo 7.
Tel: 011 5539942

Ceylinco Grameen Credit Company Ltd.
67/1, Mahinda Place, Kirulapone
Colombo 6.
Tel: 011 5554601

4. NGOs

Agricultural Economical Development
Organisation
Main Street, Central Camp

Siyath Foundation
No. 9, Apartment 03, Rajakeeya Mw.
Colombo 7.

Ampara.
Tel: 026 2227434 / 077 3044801
Agro Micro Finance
25, Chappel Lane
Nugegoda.
Tel: 011 2818053

Tel: 011 2691433

SED Bank
Kandy Road
Kilinochi.
Tel: 021 2285954

Arthacharya Foundation
16/1, 1/1, Galle Road
Mt. Lavinia.
Tel: 011 2737143

Vision Fund Lanka
102A, Horton Place
Colombo 7.
Tel: 2699027

Al-Quraish Social Development Society
309, Main Street
Akkaraipattu-02.
Tel: 067 22778195 / 0777 046536

Women Development Federation (Janashakthi)
Tangalle Road
Hambantota.
Tel: 047 2221022

Community Oriented Resource Exchange
Wedawatta, Meegahatenna
Kalutara.
Tel: 034 2284209

Udapalath Praja Shakthi Sanwardena
Padanama
302/7, Mahara, Gampola
Kandy.
Tel: 0814 486196 / 072 3237740

Ekabadda Praja Sanwardena Kantha Maha
Sangamaya
Weligepola
Balangoda.
Tel: 071 2356437

Praja Sahana Padanama
30/2, Yodha Mawatha
Siddamulla, Piliyanala.
Tel: 011 011 2701280

Development communication Foundation
Ganithapura, Warakapola
Kegalle.
Tel: 035 2267688

Katandola Women Development Society
Katandola Estate Gonamulla Junction
Galle.
Tel: 091 2237617

Foundation of Social Welfare & Cultural
Development
Sri Ruwan Bodhi Pirivena
Kotakanda, Gettuwana Road
Kurunegala.
Tel: 037 2232769

Pragathi Sewa Padanama
260, Shrawasthi Watta,
Shrawasthipura
Anuradhapura.
Tel: 025 2235767

SEEDS
45, Rawatawatte Road
Moratuwa.
Tel: 011 2655121

Sareeram Sri Lanka National Foundation
Head Quarters Thalankudah
Batticaloa.
Tel: 065 2246677

Samastha Lanka Praja Sanwardena Mandalaya (SLPSM)
288/11, Makumbura
Pannipitiya.
Tel: 011 4303809

Foundation of Rural Economic Development
Udayar Road
Akkaraipattu.
Tel: 067 2277878 / 077 6034134

Sewalanka Foundation
432A, Colombo Road
Boralesgamuwa.
Tel: 011 545362-5

5. Public Welfare Organisations

Samurdhi Authority
4th Floor, Sethsiripaya
Battaramulla.
Tel: 011 2889005

6. Co-operatives

Colombo district Business Development
C-op Society
3, Udumulla, Mulleriyawa
Colombo.
Tel: 011 2418870 / 0712 265659

Agbopura Thrift & Credit Co. Society
277, agbopura, Kantale
Trincomalee.
Tel: 026 2244104

Rangiri Dambulla MPCSS
Nishshanka Mawatha
Dambulla
Matale.
Tel: 066 2231936

Jaffna District TCCS Union Ltd.
337, KKS Road
Jaffna.
Tel: 021 2223131

Hambantota NYSCO (National Youth Service
Council)
District Office, Hungama
Hambantota.
Tel: 047 2227040

Kundasale Community Development
Foundation
13, Dematagolla, Nawayaletenna
Katugastota.
Tel: 081 4471525

Matale District Agricultural & Industrial Co-op
2nd Mile Post, Koombiyangoda
Matale.
Tel: 066 5775577 / 5770055

Mhashakthi TCCS
Sagamam Road,
Akkaraipattu
Tel: 067 2277696

Nanaadan Division Multi Purpose Co-op Society
Ltd.
Main Street, Murunkan
Mannar.
Tel: 023-2233010

Matara TCCS
Akuressa Road, Nupe
Matara.
Tel: 041 2222674

Chunnakam Multipurpose Co-op Society Ltd.
Main Street, Chunnakam
Jaffna.
Tel: 060-2212380

Lakjaya
220A, Diyawanna Place, Welikada
Rajagiriya.
Tel: 011 2873715
Rajangana Saliyapura
Multipurpose Co-op Society Ltd.
Sirimapura, Rajangana
Anuradhapura.
Tel: 025 2276428

Rangiri Dambulla MPCs
Nishshanka Mawatha, Dambulla
Matale.
Tel: 066 2231936

Ruhunu Rural Ladies Organization
126, Middeniya Road, Weeraketiya
Hambantota.
Tel: 047 2257054

Social Welfare Economic & Industrial
Development
Temple Road, Thirukkivil
Ampara.
Tel: 067 2265036

Nanaadan division Multi Purpose Co-op Society
Ltd.
Main Street, Murunkan
Mannar.
Tel: 023 2233010
People's Progressive Development Society
R K M Road,
Akkaraipattu 8
Tel: 067 2278492
Temperance Youth Club of Sri Lanka
21/A, Asweddumhenawatta
Millawitiya, Kuruwita
Ratnapura.
Tel: 045 2263366

Trincomalee District Gandhi Sevai Association
57, Trinco-Kandy Road, Linganagar
Trincomalee.
Tel: 26 2227832 / 2222743

Weranketagoda TCCS
Weranketagoda.
Tel: 078 8721121

Source: <http://www.microfinance.lk>

Annex 3: Tsunami-affected MFIs in Sri Lanka

Ampara district

Al-Quarish Social foundation
No. 309, Main Street
Akkaraipattu-07
Tel: 067 2277195

Zam Zam Fisher Fishermen's TCCS
No. 664, Jinnah Road
Sainthamaruthu-14.
Tel: 0672222849 / 840

Foundation of Rural Economic Development
Udayar Road
Akkaraipattu.
Tel:067 2277878 / 0776034134

Agricultural Company (Peoples) Ltd
Main Street,
Akkaraipattu.
Tel: 067 2278940

People's Progressive Development Foundation
(PPDF)
R K M Road
Akkaraipattu-8.
Tel: 067 2278940

Kalam Rural Reconstruction Foundation
No. 7/8, Common Road
Akkaraipattu-7.
Tel: 067 2277034

Galoya Right Bank Outlet
Arasayadi, Ampara Road
Akkaraipattu.
Tel: 067 2278940

Mahasakthi 'SANASA'
Sagamam Road,
Akkaraipattu.
Tel: 067 2277697

Social Welfare Economics & Industrial
Development Organization
Temple Road
Thirukkivil.
Tel: 067 2265036

Durka Rural Women Welfare Foundation
Kolavil 2,
Akkaraipattu.
Tel: 0672277186

Social Welfare Organization-Ampara District
(SWOAD)
Alayadivembu
Akkaraipattu.
Tel: 0672277275

Batticaloa district

North East Rehabilitation Training & Research
Association
Main Street
Kirankilam
Batticaloa.
Tel: 065 2250647

Sareeram Sri Lanka National Foundation
Kalmunai Road
Thalankudah.
Tel: 065 2246677 / 065 2246095

Young Men's Christian Association (YMMA)

SEEDS

No. 22/24/20 A, Kannahi
Amman Kovil Road
Batticaloa.
Tel: 065 2222495

No: 9 Bundings Lane
Batticaloa
Tel: 065 2223977

Trincomalee district
Trincomalee District Gandhi Sevai
Association
No. 57, Trinco Kandy Road
Linganagar
Trincomalee.

Manayaweli Sandy Bay Fisheries
Cooperative Society,
Sandy Bay
Trincomalee
Tel: 026 2222743

Galle district
Community Development Solidarity
Organization
268, Induranavila, Dikkumbura
Ahangama.

Habaraduwa Participatory Development
Foundation
Meepe Road, Katukurunda
Habaraduwa.
Tel: 091 2282039

SANASA
153, Abdul Wahab Road
Galle.
Tel: 091 2222745

Hambantota district
Sri Rohana Social Services Society Ltd
Kahandawa
Ranna.
Tel: 078 8529052 / 071 2337530

Women's Development Federation
(Janashakthi Bank)
Vihara Maha Devi Mandiriya
Tangalle Road, Hambantota.
Tel: 047 2220233 / 047 2220499

Hambantota District Human Resource
Development Organization
Seenimodara
Nakulugamuwa
Tel: 047 2257054

SEEDS
Matara Road
Hambantota

Social Mobilisation Foundation
(SMF)
Rathupasgodella
Matara Road,
Hambantota.

Jaffna district
Puloly MPCS
Puloly East
Point Pedro.

Kandalvelly-Nelliyadi MPCS
Nelliyadi
Karaveddy.

Tel: 021 2263275

Tel: 021 2283312

Kalutara district

Self Employees Economic Development
Association of Sri Lanka (SEEDA)
Coordinating Centre
'Swashakthi Niwasa', Neboda
Kaluthara.
Tel: 034 2242480

Matara district

Sahabagiwa Nawa Sanwardana Padanama
Kapugama
Devinuwara.
Tel: 078 8510975

Ruhunu Development bank
382, A, Dharmapala Mawatha
Pamburana Road, Matara.
Tel: 041 2231531

Colombo district

Dahampura Sarvodaya Development Bank
Kaldelmulla
Moratuwa.
Tel: 011 2622042

Sarvodaya Economic Enterprise
Development Service (Guarantee) Ltd.
No. 45, Arthadahama Kenthraya
Rawathawatha, Moratuwa.
Tel: 011 2655119 / 18 / 21

Arthacharya Foundation
16/1, 1/1, Galle Road
Mt. Lavinia.
Tel: 011 2737143 / 011 4205840

Source: <http://www.microfinance.lk> and author's field data

Annex 4 :SEEDS' special tsunami loan programmes

Funding organisation	Location/s	Target group	Loan range (Rs)	Type of assistance
PLAN Sri Lanka	Hambantota	Directly and indirectly tsunami affected people 50% Sarvodaya members and 50% non-members	Micro – 50,000 to 100,000 Small – 100,001 to 500,000	Technical and financial support
NOVIB Institution	Matara, Galle Hambantota, Ampara Trincomalee, Batticaloa	Directly and indirectly tsunami affected people 75% members and 25% non-members	10,000 to 50,000	Financial support
	Galle, Matara	Directly or indirectly tsunami affected people	N.A.	Materials, tools Community programmes etc.
	Ampara, Hambantota Batticaloa, Trincomalee	Directly or indirectly tsunami affected people	N.A.	Materials, tools Community programmes etc.
USAID - REVIVE	Galle, Matara Hambantota, Ampara Trincomalee, Batticaloa	Directly and indirectly tsunami affected people 60% Sarvodaya members and 40% non-members	50,000 to 100,000	Loans and technical and programme assistance
German Savings and Giro Association e.V.	Galle, Matara Hambantota, Monaragala Ampara, Batticaloa Trincomalee, Puttlam Polonnaruwa, Padaviya Kaluthara, Colombo Gampaha, Rathnapura	Micro and small enterprises affected directly or indirectly by the tsunami and to enhance lending capacity of SEEDS in tsunami affected districts and neighbouring districts. 75% members and 25% non-members	Micro – 50,001 to 100,000 Small – 100,001 to 500,000	Loans to micro and small enterprises
National Development Trust Fund (NDTF)	Galle, Matara Hambantota, Ampara Trincomalee, Batticaloa Colombo, Kaluthara	Directly or indirectly tsunami affected people	20,000 to 100,000	Loans to micro and small enterprises
Stomme Foundation	Colombo, Gampaha Puttlam	Directly or indirectly tsunami affected Sarvodaya members	Up to 30,000	Loans for the expansion of existing projects or for starting new projects

Source: SEEDS Headquarter, Moratuwa