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## **REVIVE and Microfinance**

April 2005

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# REVIVE and Microfinance

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# Introduction

Microfinancing in most of Asia and in Sri Lanka is underserved and this has direct implications for recovery from the tsunami. According to the President of the ADB, commercialization is the only way to meet large and growing demand for microfinancing services. Though private financial institutions should be encouraged to act in tsunami-affected areas, the Government of Sri Lanka also has a critical role (e.g., interest rate caps affect sustainability). Donors can play an important role by discouraging inappropriate government interventions, increasing local capacity of NGOs, and addressing the sustainability of microfinance in tsunami-affected areas while improving supervisory ability and assisting tsunami survivors. There is also a need to encompass, almost chronologically, cash-for-work with microfinance and livelihoods development in the tsunami-affected regions. In effect, community practice on value chains in the development of these areas needs to be addressed. A sound MFI can contribute to the country's financial infrastructure, support clients' survival strategies during and after disaster, and prevent the collapse of small businesses and household economies. It could also reduce unemployment and underemployment and thereby bolster stability. Displaced communities require tenacity and innovation, programs that are at times not motivated by long-term development goals (as with conflict), to preclude alternatives such as grant-based programs though these could also be prioritized. In short, a fundamental issue for poverty reduction and sustainability is whether microfinance services can be delivered at an interest rate and cost that clients can afford, while addressing issues affecting MFI and project sustainability.

## TASKS

This consultancy consisted of two activities: rapid appraisal of microfinance partners and identification of other donors and their roles.

## Appraisal of Partner Organizations

We visited the central offices and field locations of WDF, Artacharya, and SANASA (Lillian Villeda conducted the field visit to Artacharya alone). Our recommendations were in the form of memoranda. For SANASA, some important institutional and governance issues still need to be faced, given that the applicant is SANASA Bank while independent savings and loan cooperatives will work directly with tsunami victims in the field. The responsible person at the World Bank volunteered to have a donors coordination meeting on WDF in April. Artacharya raises the fewest questions, but as a small organization its capacity to absorb funds is limited. All three groups require extensive technical assistance and institutional support to comply with minimal USAID reporting and sustainability requirements. Sewa Lanka poses some of the most challenging problems for REVIVE. To conduct microfinance programs, Sewa Lanka will require

a great deal of hand-holding and technical assistance to ensure it meets prudential responsibilities as well as USAID's reporting requirements.

## Identification of Other Donors

The ADB is transferring \$7 million in long-term microfinance funds to support the refunding of microfinance for tsunami victims at highly subsidized rates. It intends to continue its microfinance operations in a later project. The World Bank is not engaged in microfinance, but has given large grants to microfinance NGOs to cope with the tsunami. CGAP, which normally leads World Bank microfinance activities and which is heavily supported by USAID, has been relatively inactive in Sri Lanka. For USAID, close coordination with GTZ is advised since they are in a position and committed to carrying through with any partner organizations that USAID might assist. Under Dr. Dirk Steinwand, GTZ is hosting the Microfinance/ SME Coordination Group of which USAID's Dr. Darshini De Zoysa is a member. She is also a member of the Microfinance Network hosted by UNDP and now chaired by Mr. Sarath Hewagama, Executive Director of Sarvodaya/SEEDS.

GOAL decided not to fund WDF when it discovered CONCERN had done so. Other organizations are seeking opportunities and are especially interested in securing funds for their local partners. The Dutch foundations NOVIB and HIVOS have decided to get out of microfinance in Sri Lanka.

Women's World Banking, which has a long-term technical assistance relationship with SEEDS and WDF, had no one in Sri Lanka at the time of the consultant's visit and does not appear to have offered tsunami-related funds, though it is a partner organization. OXFAM is

### Other Donors

- ADB
- AusAID
- CONCERN<sup>1</sup>
- Janashakhti (relief goods and cash for work)
- Canadian Cooperatives (out of Sanasa Bank)<sup>2</sup>
- Helvetas
- Information, Communication and Technology Agency of Sri Lanka
- Japan Center for Conflict Resolution
- National Aquaculture Development Authority
- NDTF
- Oxfam
- People's Bank, Ampara
- Rabobank (Shakthi II Project with SANASA Federation)
- SANASA
- Save the Children, Sri Lanka
- SEEDS
- Sewa Lanka (major loan funds from reporting sheet)
- Terre d'Hommes
- UNDP
- UNHCR
- USAID
- World Bank
- World Bank Grant (\$15 m, 3 buildings, branch staffing for two years; Trust Fund for Orphans)<sup>3</sup>

<sup>1</sup> CONCERN contact— Chief James Finucane, 94 11 250 9828, srilanka@concern.net.

<sup>2</sup> Canadian Coops contact— Sarah Shima, Program Officer, International Development Unit, Canadian Cooperative Association, 275 Bank Street, Suite 400, Ottawa, Canada K2P 2L6, 613 238 6711 x241, Fax 613 567 0658, sarah@coopscanada.coop

<sup>3</sup> Trust Fund for Orphans—Sriyani Hulugalle, 25561307

heavily involved with SEEDS and possibly Sewa Lanka. The foundation of the German Savings Banks (Sparkassen) has committed significant funds, probably mostly to SANASA and the cooperatives.

A large number of donors, official and NGO, are involved in microfinance, livelihood reconstruction, and tsunami relief, depending on the circumstances. These could all be involved in microfinance in the post-tsunami period. Mr. Vodopivec of the World Bank indicated that the Bank was not engaged in microfinance in its post-tsunami operation, but turned out to be the major donor to the WDF. Bank funds were in the form of grants, not loans.

With and without donor funds, the Government of Sri Lanka is a major actor in the microfinance markets and has committed significant funds, some of which will come from donors such as ADB. Best practice however is to combine grants and market rates (i.e., sustainable, loans).

Owing to the proposed Post-tsunami Operations and Management Structure (P-TOMS) for areas north and east, the JVP resigned from ministerial positions, and has petitioned the Supreme Court. It has been involved in tsunami relief in the south and, to a lesser extent, in the east, such as in Ampara.

## **UNDOCUMENTED TOR ITEMS AND RELATED RECOMMENDATIONS**

### **Belmond or Market Impact Analysis**

Loan provision affects the credit market. NGOs are using USAID funds at or near market rates, which are considerably higher than those charged or to be charged by massive government loan programs. Everyone expects, however, that USAID-supported lending programs will be feasible because USAID beneficiaries may not get the government funds and because demand for funds will remain high.

### **Update of IRIS Center Report**

The government's programs are large and pervasive and private sector vendors are significant factors. CGAP, the standard bearer for international best practice, has had limited involvement in poverty alleviation in Sri Lanka, whereas the big economic development NGOs—SEEDS, Sewa Lanka, and Agromart—are more involved in community development.

### **Donor Coordination to Promote Best Practices**

The several significant efforts to strengthen MFIs in Sri Lanka—government and nonprofit—systematically ignore the large for-profit sector. A number of MFIs, such as CONCERN, have begun microfinance activities with tsunami relief, but are likely to find themselves remaining in Sri Lanka. World Bank, ADB, and JICA are co-chairing monthly donor reconciliation meetings. Several sector sub-groups, including livelihoods and housing, meet separately. Dr. Carol Becker, USAID Country Director, and Dr. Darshini De Zoysa, Economic Growth/ USAID, represent USAID on the donor reconstruction group. USAID can be possibly most effective by supporting

GTZ's initiatives, including cross-posting grants on its website. Ideally, project budgets should be posted so that donors can avoid duplication. SEEDS' very sophisticated program already involves Women's World Banking (as does WDF). Developing an "aftercare" program with organizations likely to continue involvement will assist sustainability.

In theory, LOLC is interested in bridging finance for its commercial microfinance and leasing portfolio that has a number of affected clients.

## **OBSTACLES TO GRANT AGREEMENTS**

WDF/ Janashakthi: One needs the actual budgets of the grant agreements with their two key donors, that overlap their activities with REVIVE.

SANASA Bank and Sewa Lanka Foundation: For Sewa Lanka please refer to the World Bank, Ms. Sriyani Hulugalle.

## **ATTACHED DOCUMENTS**

The attached documents should be read with the De Zoysa Donors' Survey and Lillian Villeda's field report and STTA plan.

# Appendix A. Proformas

## **ARTACHARYA**

### ***Contact Information***

Artacharya Foundation  
16/1, 1/1, Galle Road  
Mount Lavinia, Sri Lanka  
T: 737143, 074 205840, 07171443

Shiromi – Project accountant, Galle  
Nissanka – Manager, Galle

### ***Operations***

200 CBOs receive loans from Artacharya who have their own internal funds. CBO has 40 members on average. CBO has individual records including ledgers. There are project offices at the divisional level as consolidated. CBOs are graded on level of development, and in terms of that level that have their own bank accounts, and are encouraged to take more responsibility.

### ***Savings Programs and Methodology***

Numerous savings products and Rs 25 million in savings

### ***Savings Products and Returns***

Group savings and individual savings. Total shares however should be 10% of outstanding loan.

### ***Credit Methodology***

CBOs that have bank accounts deposit money with their bank. They can make internal loans out of their own funds, and external loans from Artacharya borrowings.

### ***Loans***

On any of the external loans Treasurer of CBO maintains cash balance. Client savings are deposited in the District Office.

### ***Approval Methodology***

Internal as noted above; external by CBO Board sitting with the Artacharya Field Officer. The CBO treasurer distributes internal loans in cash; the treasurer also distributes external loans but by withdrawing from the CBO savings account or, if the CBO is not authorized to have account, from the District Officer account. Savings are deposited in same savings account, usually with Bank of Ceylon.

### ***Records***

Client records and profile are available at the district office and with the CBO. CBO records are only with the district office.

### ***Tsunami***

Detailed assessments were done and records are held at the CBO and Project Office.

### ***Affected Portfolio***

Galle—1,500 members, 35 CBOs, savings 4.0M, credit 4.5M

Hikkaduwa—2,000 members, 43 CBOs, savings 5.0 M, credit 4.0M

Twenty members are dead, 80-90 lost family members. Affected portfolio is Rs 2.8 million or 850 borrowers. Interest rate for affected individuals has been reduced to 8%. New loans (already 250 have been given) using NDTF funds are at an interest rate of 4%. Grace period is case by case.

### ***General Status of Accounts***

Artacharya accounting year ended on March 31. Audits are done on consolidated accounts.

### ***Key Financial and Credit Data***

- Credit Rs. 30.0M
- 12,000 members
- Pre-tsunami - 10%
- Post-tsunami – 15%

### ***Ability to Meet Reporting Requirements***

The center has the data to meet most requirements, but the supporting records are at the district-level only, so district level accounts are critical

### ***MRR***

Same

### ***Eligibility for Assistance***

See Exhibit A-1 on issues with delinquency rates and loan loss as defined in ADS 219. Eligible under conditions as noted.

### **Quantum of Likely Assistance**

For loan funds this is likely to be US\$100,000-200,000 as determined above. The total for institutional grant assistance is being negotiated.

### **Summary**

Almost certainly eligible, almost certainly can meet reporting requirements and use US\$100-200,000 of loan funds and attached institutional grants.

#### Exhibit A-1

##### *Memorandum of Recommendations*

Sri Lanka MFI's rarely write off bad debts, but they frequently make 100% provision for them. Even SEEDS has only written off—on the basis that this is the standards for banks in Sri Lanka—loans on which no payment has been made since 1998 (i.e., after six years.) If higher, perhaps we should only consider the delinquency on loans that are not 100% provisioned and thus are de facto written off. Before giving money to an MFI, USAID must be satisfied that the organization meets the requirements of ADS 219, or grant a waiver from those requirements. Because tsunami-related needs must be responded to quickly, preliminary grant-funded work should begin while field verification and documentation of an organization's compliance proceeds. A certification whereby the partner representatives certify that compliance with the standards in ADS 219 should be attached to the loan agreement, as follows:

**I certify that ----- [name of organization] is in compliance with the following standards for MFI found in ADS 219:**

1. It has no programs that excludes women.
2. It is ready and able to impose rates and conditions that will enable it to cover the full long-term costs of such loans.
3. It is committed to attaining full financial sustainability as defined by USAID within seven years. Full financial sustainability is defined as achieving a return of more than one on financing operations. To achieve this goal it will prepare or present an existing plan outlining the steps, timetable, and milestones for achieving full financial sustainability.
4. It is committed to using USAID funds to expand financial services to microentrepreneurs and other poor people.
5. It has at present a delinquency rate of less than 10% and a loan loss of less than 5% of its outstanding portfolio. The delinquency rate is the total outstanding principal on loans with payments past due more than 90 days. Loan loss is the total principal on loans written off as uncollectible within a financial year as a percentage of the average unpaid balance on all loans during that year. All loans of more than one year must be written off.
6. It is prepared to provide USAID with all of the required data for MRR reporting as noted in ADS 219 on an annual basis.
7. It is not providing subsidized loans for purposes other than micro enterprise improvement.

**If significant non-financial assistance is provided I further certify the following:**

1. It is prepared to provide data on the number of persons assisted on a gender disaggregated basis.
2. It is prepared to provide a budget, balance sheet, and profit and loss statement showing for each form of assistance the sources of funding, major cost elements, and cost recovery.
3. It is prepared to provide a set of impact indicators agreed upon with the USAID Mission as showing the non-financial assistance's cost effectiveness.

## **Women's Development Federation 'Janashakthi'**

### **Contact Information**

Women's Development Federation  
Office Tangalle Road, Hambantota,  
T: 947 2221022, Fax 047 2220499

### **Operations**

Society distributes loans to 72 Janashakthi banking societies, one per village. As of March 2002, 76 societies had 29,170 members, average membership of JBS 435, average member of 465 societies, 63. WDF conducts banking, training, and HRD, and has some funds that were deposited in failed financial institutions (esp. Pramuka Bank). See audited accounts. It has funds from USAID grants, some NORAD funds, accumulated funds, a small AusAID fund, and a significant amount from NDTF. The computer training center from USAID is a separate center and building. Other donor assistance:

- GOAL: 5 million for relief
- Trust fund for children: BDS
- Other funds: total 1 million

### **Savings Programs and Methodology**

As of March 2002, savings pay interest at 5%, 7% to JBS. They get excess funds seasonally.

### **Credit Methodology**

March 2002:

- Loans 897 million
- Average Loan Size 2005: Rs 5,764; 2002: Rs 5,123.
- Object Loan: All cumulative
- Rates NDTF: 7% to NDTF, 12% to JBS, 24% to client.
- WB nil cost, nil to JBS, 12% to client

### **Approval Methodology**

Group loans are approved by the group, the society, and the loan officer. Time limits are not known.

### **Payments Methodology**

Sums are deposited in the village bank at weekly meetings; excess to the bank there is the general Commercial Bank. There was a significant loss on funds in the commercial bank

### **Tsunami**

On February 3, the NGO surveyed 1,500 members. It determined that 15 societies were heavily affected, 27 partially. There were 1,500 affected individuals. Total loss was Rs 4 M, and an estimated 10 M in increased demand

**General Status of Accounts**

85 million of deposits with societies and 26 million of loans

**Credit Demand**

Hard

**MR**

Data are easily available mostly from the Monthly Progress Report.

**OFDA**

Need to get income/ asset data – not really collected except in connection with loans.

**Eligibility for Assistance**

See Exhibit A-1; eligible under conditions as noted.

**Summary**

Almost certainly eligible, almost certainly can meet reporting requirements. Utilize US\$100,000-200,000 in loan funds and attached institutional grants.

**Sarvodaya Economic Enterprise Development Services (SEEDS)****Contact Information**

Sarvodaya Economic Enterprise Development Services (Gte) Ltd (SEEDS)

Arthadharma Kenraya No. 48, Rawatawatte Road,

Moratuwa, Sri Lanka

Manager, Product Development and Project Finance

Banking Division

seedsrep@sri.lanka.net

Assistant Manager Credit Administration

T: 94 11 25558081, x 204/205

**Legal Status**

Not-for-profit company founded 1992. By the time village societies become village banks they are registered under the Societies Act. Are three years' audited accounts, and separate audit, by Ernst and Young of the microfinance program. Stage Two: Increasing savings and credit. SEEDS' banking division is concerned with savings and credit, and its enterprise services division is concerned with technology transfer and opening enterprise opportunities. The societies have self-help groups.

**Eligibility**

- Have < 10% PAR at 90 days
- Have a recovery rate of 90%
- Have no insider loans (i.e. to members) overdue more than 90 days

- Total cost/interest income less than 0.9
- At least 3/1 savings/loan ratio
- ROA 2% from the second year
- Society audit

### ***Savings Programs, Loans, and Methodology***

Numerous savings products include voluntary and compulsory savings, children's savings, and fixed deposits. Loans are for income generation, consumption, and business expansion.

### ***Savings Products and Returns***

Average member had a balance of about 3000 Rs.

### ***Loans***

Number of loans by the end of 2004: 8,466 women; 6,588 men. Outstanding balance 2.2 billion. Loan Risk Fund covers loan in case of death or disability.

### ***Approval Methodology***

Records are kept at the Society with a copy at the District Level.

### ***Tsunami***

Total portfolio affected: 754 members dead, 103 non-member borrowers dead, 84 village banks/societies totally or partially destroyed. Total affected loan portfolio: Rs 101.89 million, or 8,484 loans. Value of damage to village societies is Rs 14 million. Books of 15 village banks were completely destroyed.

### ***Savings***

Rs 1 billion

### ***Key Financial and Credit Data***

Society had 750,000 in third quarter of 2004. Members 741,941 of whom 435,747 are group members. There are 878 village banks. 1,224,386 savings accounts – 2.1 billion are with societies, and 1 billion are with SEEDS. Outstanding loans are 2.2 billion Rs.

### ***Credit Demand***

Some lack of clarity in records, all at the District or Society level.

### ***Eligibility for Assistance***

See Exhibit A-1; eligible under conditions as noted.

### ***Quantum of Likely Assistance***

The total for institutional grant assistance is being negotiated. As noted in Exhibit A-1, USAID must be satisfied that an MFI meets the requirements of ADS 219 or must waive those requirements before giving money to the organization. On the basis of the accounts available at

the head office and the CEO's assertions, SEEDS meets these requirements. Even if it is eventually decided that SEEDS does not meet the standards for treatment as an MFI, it may be worthwhile to work with it as a community-organizing group in formulating enterprise needs and plans.

## **Sanasa**

### ***Contact Information***

T A Gajaba, General Manager  
 Sanasa Development Bank  
 340 2/1 R A De Mel Mawatha  
 Colombo  
 T: 237 5091  
 Residence 278 4102  
 Karapitiya Branch (Galle and Hikkaduwa)  
 T: 91 2224638  
 T: 0777 724761

### ***Legal Status***

Public Ltd. Co. and supervised banks. Shares are owned by 3,500-plus cooperative societies.

### ***Operations***

This is a commercial bank that serves cooperative and individual clients. The first proposed project concerns only Galle (Karapitiya Branch). The loans will be made to individual cooperative societies; however, SANASA bank has responsibility for its funds. Of 27 affected cooperatives in Galle, 24 are cooperating with the tsunami program and 15 met requirements before the tsunami.

### ***Emphasis***

Applicant is the bank. The bank lends to and has data on the cooperatives.

### ***Savings Programs and Methodology***

In March 2003, 57.47 of loans earned an interest premium over 19% p.a.. Another 25.82 earned over 16% p.a., and almost all the rest earned over 12% p.a.

### ***Credit Methodology***

Total loans in March 2003 were about 1 billion. Bank loan officers sanction the loans.

### ***Tsunami***

The tsunami affected 27 primary societies with 5,400 members; 18 offices were washed away and 9 societies lost all their records

### **General Status of Accounts**

Audited accounts

### **Credit Demand**

Hard. Our project is relatively small.

### **MRR**

Data are easily available.

### **OFDA**

Societies collect income/asset data at the time of the loan.

### **Eligibility for Assistance and Quantum of Likely Assistance**

See Exhibit A-1 (note that SANASA Bank will pass muster even by the higher standard). Even if it is eventually decided that SANASA does not meet the standards for treatment as an MFI, it may be worthwhile to work with it as a community-organizing group in formulating enterprise needs and plans.

## **Sewa Lanka**

### **Contact Information**

Mahinda De Silva, Consultant  
POB 3, 2<sup>nd</sup> floor, 432 Colombo Road,  
Boralesgamuwa, Sri Lanka  
T : 94 11 2545362-5  
sewahq@sri.lnk.net

Harsha Kumara Navaratne, Chairman  
T: 430 1110

Sewa Lanka is authorized to use both 'Sewa Lanka (Gte) Ltd and Sewa Lanka Foundation as its business names.

### **Operations**

A movement that broke off from Sarvodaya, with whom it shares much ideologically. It provides microfinance services only in Ampara. Because of a highly decentralized structure many details are available only in the field.

### **Savings Programs and Methodology**

Compulsory savings is 10% of loan amount and collected over three years. The savings requirement for short-term loans is determined on the basis of loan time, but collected over three years. Savings earn 8-10% interest. Minimum required monthly deposit of 10-20 Rs goes into the group fund, in addition to deposits out of loan collected as compulsory savings (individual

savings). Training is provided for office-bearers, accounting, and delinquency (e.g., calculating loans repayment, aging analysis). Societies get a loan fund from Sewa Lanka.

- Income Generating Activities: 24-months maximum
- Micro Insurance: 5% of loans are paid as the premium. Lending terms depend on funding source.
- Group Lending: Guidelines on society lending out of own funds is 3% margin over what they pay on savings.
- Donor funds depend on terms and conditions. Average amount of loan is significantly lower than \$300.
- Accounts are maintained at the district level. When a member applies for a loan, basic socioeconomic indicators at the household level are collected.
- Books are audited by K S Karunadasa and Co, Panadura.

1. Monthly Progress Report from District to Head Office.
2. CBO Ledger Trial Balance
3. Monthly Ledger Trial Balance at District Office, Reporting Format.
4. Business Plan [for CBO]
5. Loan Application by CBO Member
6. Monthly Repayment List – for CBO
7. Credit Bond and Promissory Note (on receipt of loan)

### ***Tsunami***

CBO level information of affected persons is available at district level. At present, only two CBOs have stopped repaying loans. These are in Ampara district.

### ***Eligibility for Assistance***

See Exhibit A-1; eligible under conditions as noted.

### ***Quantum of Likely Assistance***

Sewa Lanka will have difficulty meeting reporting requirements. It is difficult to estimate demand for funds. The delinquency rate is the total outstanding principal on loans with payments past due more than 90 days. Loan loss is the total principal on loans written off as uncollectible within a financial year as a percentage of the average unpaid balance on all loans during that year. It is not providing subsidized loans for purposes other than microenterprise improvement. NGO is prepared to provide data on the number of persons assisted on a gender disaggregated basis. The issue of loan funds is a bit more complicated. We have explored with financial institutions their interest in such funds and several have expressed an interest

### **Agro Micro**

Information available only in hard copy.

# Appendix B. REVIVE Scope of Work

Rapid Assessment of REVIVE Micro-finance Partner Organizations and Design and Development of New Micro-Finance Products and Services for Post-Tsunami Recovery and Rehabilitation

## **BACKGROUND**

REVIVE is a USAID-funded special assistance project to help restore livelihoods lost or adversely affected by the Tsunami of December 26, 2004. The Program is being implemented through a contract held by Nathan Associates Inc. as prime contractor with J. E. Austin Associates Inc., as the lead sub-contractor.

REVIE Program management unit will manage a project fund that is made available as grants and technical assistance to partner organizations that are working to revive and upgrade economic livelihoods in areas in Sri Lanka battered by the tsunami. Grants from the fund will be used to put in place a dynamic, community focused micro-credit/stimulus scheme that will immediately help entrepreneurs and their families, communities, and cooperatives to recover from the effects of the tsunami.

REVIVE will implement the program through selected NGOs actively involved in micro credit and business development as well as other private sector associations working in the affected areas.

The following mechanisms will be used in restoring and improving livelihoods:

- Microfinance for economic activity
- Small grants
- Community awareness/training
- Business counseling
- Business development
- Business linkages

The program intends to impact over 30,000 primary beneficiaries or more during the life of the project.

## **OBJECTIVE**

The purpose of this assignment will be to conduct an impartial rapid assessment of REVIVE partner micro-finance organizations to assess their capabilities as well as guide them on developing new products and services to be introduced in a post disaster recovery effort.

## **TASKS**

The consultant will carry out the following tasks to meet the above objective.

- Review REVIVE documents and visit with staff to obtain a better understanding of how the program will operate
- Conduct a rapid appraisal of micro-finance partners that have been short listed:
  - SEEDS
  - Agro Micro Finance
  - Hambantota Women’s Development Federation (WDF)
  - Artacharya Foundation
- Identify other donors are funding MFIs for post-tsunami activities
- Visit field offices of the partner organizations (above) to document their capacity to execute further financial operations including lending
- Recommend immediate responses to enhance the MFIs lending ability within the REVIVE program timeframe
- Suggest products and services these organizations could provide their members and non-members to revive their livelihoods
- Suggest MFI activities, including out-reach into tsunami affected communities that could be used to build a consensus among donors regarding standards for post-tsunami operations
- Conduct a workshop/seminar and short training course for all REVIVE partner organizations in the use of micro credit best practices
- Present findings to REVIVE program
- Debrief USAID/Colombo on findings and suggestions

## **DELIVERABLES**

The consultant will be responsible for the following deliverables:

- A presentation on initial findings to REVIVE
- An assessment report on the capabilities and capacities of REVIVE micro finance partner organizations including how best they could be strengthened to meet REVIVE’s objectives

- A workshop/seminar for REVIE partner organizations on the role of micro finance organizations in post disaster recovery efforts.
- A short training program on use of micro finance in post disaster recovery including introduction of new products and services
- Debriefing with USIAD Mission in Colombo

## **REPORTING RELATIONSHIP/OTHER CONDITIONS**

The Micro-finance consultant will report directly to the Chief of Party of the REVIVE program, Mr. David Dyer. The consultant will also work closely with REVIVE staff and partner associations in information gathering and presentation.

The REVIVE program will provide logistical support, including transportation, office space, telephones, photocopying, and secretarial, accounting and report preparation services.

## **DATES AND LEVEL OF EFFORT**

An expatriate micro-finance consultant to work for 30 days including travel days. Begin work on/about February 14, 2005 and complete work by March 18, 2005. (Dates are contingent on USAID approval.)

## **QUALIFICATIONS**

The consultant must possess a degree in a relevant field and have 10 years in experience. The consultant should have good understanding of the use of micro-finance in a post disaster recovery environment. The consultant should also have previous experience working in developing countries. Previous experience working in South Asia, especially Sri Lanka, will be an added qualification. The consultant must possess excellent interpersonal and communication skills.

# Appendix C. What is Occurring to Meet Tsunami Needs

## **OFFICIAL DONORS**

The major official donors in microfinance in Sri Lanka are the World Bank, the Asian Development Bank, JBIC and GTZ. All but JBIC have both ongoing plans in the microfinance sector and specific responses to the tsunami. In addition, their microfinance activities are denominated as such and contained in their livelihoods work.

The JBIC is structured like Kfw, so it is difficult for it to have any specific tsunami response. GTZ's tsunami response is unconnected with its microfinance activity. The World Bank has ostensibly decided not to do microfinance in its emergency response. ADB has transferred \$7 million from the Rural Finance Sector Development Program to support the Government of Sri Lanka's efforts to refinance bank and NGO lending to small and microenterprises. This is an item of some saliency since the program concerned is large and has conditions connected to it to which many donors object.

## **INGOS**

In addition, a large number of international NGOs are or are preparing to become active in Sri Lanka with varying kinds of credit programs connected with their activities. OXFAM, Mercy Corps, Save the Children, and Relief International have all indicated that they did not intend major microfinance involvements, though all will be providing grant assistance (as will the World Bank). Because of the nature of the INGO world, especially the numerous non-US NGOs and Foundations, this account of INGO activities is necessarily quite partial.

## **THE GOVERNMENT OF SRI LANKA**

The Government of Sri Lanka using its own resources and whatever comes from donors, like ADB funds, for a comprehensive program to refinance all small and microenterprises affected by the tsunami. Though initially its scheme was to work through the Central Bank and 6,000 loans have been tentatively sanctioned by the Central Bank including 2,000 micro loans, this channel will, according to the Ministry of Finance be concentrated on small and medium enterprises. Five billion rupees have been disbursed and another 5 billion sanctioned. These funds, of course, will primarily go to small and medium enterprises.

Much of the funding will go through the Government's NDTF foundation, which handles its microfinance activities. Though other banks and NGOs are eligible – because the scheme does not allow them sustainable margins, this will primarily be distributed through government banks. This will, of course, further erode the government banks' already shaky financial status.

More generally, the government has committed to a model of 3-8 year loans with 6% interest to the final borrower (terms to MFI may vary latest official memo says 5%) and one year grace period. The program contradicts the best practice principles for disaster relief microfinance as embodied in the CGAP Memo on the Tsunami and is inconsistent with the survival requirements of many MFI.

## **SRI LANKAN NGOS**

The larger Sri Lankan NGOs are already taking steps to serve their clients. SEEDS is reported to have 400 affected micro loans, and Agro Micro 300 or so. SEEDS can probably handle the matter with its own resources, Agro Micro needs some funds. Others like Janashakthi (WDF) may have further requirements.

The affected loan figures, both for NGOs and others, are not proxies for what lendable funds they require as a result of the tsunami. Many clients, despite the wide availability of grants, may need additional loans to restart their industries. Actually, these clients may be included in the NGO but not other affected client figures. Further, new clients may need to be accommodated to return to normality. In the case of the NGOs, these are in the first instance clients who were already in process to get loans and will become eligible in the next few months. They also include individuals from their general clientele, who had not been taking loans in the period immediately before the tsunami but who are and were eligible to do so. They also include the successor enterprises to those destroyed in the tsunami.

## **PRIVATE SRI LANKAN LENDERS**

The volume of micro and small loans extended by these for profit lenders is quite high. Even though private micro loans are disproportionately for consumption, many are for enterprise purposes, or enable enterprise lending by meeting the priority consumption needs of entrepreneurs. Hatton Bank had a reported 10,000 of these loans; similar figures are with many of the private banks and finance houses (though Hatton is among the largest private lenders). Like the NGOs, only a small portion of these loans are tsunami affected. Still one might estimate that the affected loans are in the thousands. It is still the case that the volume of micro loans by the two big public sector banks are far larger than those of the private ones, but as can be seen below they differ in other ways as well.

## **VOLUME OF AFFECTED LENDING**

Given that SEEDS may have 400 affected clients, and Agro Micro 300 –the total number of NGO affected micro clients might be 2,000. The Central Bank estimates that commercial banks and similar MFIs might have 4,000. The cooperative movement says 300 cooperatives are affected (some of which were WOCCU assisted). How to deal with this number is difficult without further work, but no more than 2,000 loans could be involved.

Micro loans involve outstandings of 30-100,000. If we assume a 50,000 average this would be a maximum of 400 million Rs or roughly US\$4 million. Much of this is being met through the Central Bank and NDTF. Others may be pre-empted by grants and the death of the clients.

Even though the reported volume of donor, government, and NGO assistance would seem adequate to cover the “need,” it is clear that there are some unmet ones. Terry Miller and Lillian Villeda of USAID reported on their trip to Galle a large number of enterprises still seeking credit to reopen. This reflects the bureaucratic rigidities in responding organizations and to some extent the politicization in all senses of Sri Lankan society. Politics is by no means limited to national parties or ethnic groups, but often reflects local and personal conflicts. Of course, if small and medium lending and the kinds of normal changes in lending referred to above are included the figure would be much higher.

## **THE LONG TERM AND THE BIG PICTURE**

Microfinance has considerable scope and has already achieved some size in Sri Lanka. The institutions are not as strong on average as those in Bangladesh and Indonesia. This is because of the effect of considerable amounts of subsidized funds and periodic loan moratoria, which as in India, have characterized the sector. The result, of course, is not only weaker institutions but a lesser quantity and availability of finance to very small borrowers. As in the rest of Asia, much of the shortfall in formal sector finance is made up by informal lending, including rotating credit arrangements. There is also a considerable organized sector for profit provision of microfinance, though that is disproportionately for consumption.

Some idea of the existing volume of microfinance in the country is presented in “National Microfinance Study of Sri Lanka: Survey of Practices and Policies,” by Richard Gant, Dulan de Silva, Anura Atapattu, and Steve Durrant in June 2002 for AUSAID and GTZ. This has quantity and program data on all the formal sector programs, and only omits the real informal market. It accepts the figures reported by MFI at face value, and is thus probably inflated, especially for the cooperatives. One important omission is MFI activity in LTTE controlled areas through LTTE monitored MFI, which is reportedly extensive. Obviously, changes – mostly increases in volume, but internal developments in MFI as well have occurred since the study, but they are unlikely to have seriously changed the overall picture.

The study describes all major foreign donors, governmental and NGO, domestic sources of funds, and the major categories of MFI. The microcredit reported by the major government programs Regional Development Banks (3.4 billion Rs cumulative for 2000) and Samurdhi (1.8 billion Rs.—cumulative for 2000), and by the large SEEDS NGO (.75 billion cumulative 2000) are obviously large – though the former probably contain significant amounts of loans of larger than 100,000 each. As of 2000, the main Samurdhi program charged 24% per annum on a declining balance but experienced a reported 107% ultimate and 93% on-time repayment. It is not clear why these data are not reported from other programs surveyed, but one has the impression that the interest rates were low even then. At present, Agro Micro generally charges 21%, and more than 60% on short-term consumption loans. SEEDS appears to have a modal charge of 18%, with slightly more or less in particular programs. The former charge was considerably lower than other lenders. Agromart is noted with roughly 30 million of loans – after some internal turbulence it has

recovered in its Agro Micro guise to 33 million last year. At that point, Artacharya estimated 20 million, with roughly similar amounts for Samastha Lanka Praja Sanwardana Mandalaya. Sewa Lanka, and South Asian Partnership Sri Lanka. Sarvodaya, independently of SEEDS, had considerable lending programs though data were not given. A program for small MFI called CAP (Change Agent Program) had 77 million cumulative in late 2001.

The study located 74 local NGOs who were doing microfinance with a disbursement of 212 million loans (cumulative, one assumes). Foreign donors fund nearly all of this NGO activity.

The study also covered private vendors. The TCCS group of pure financial cooperatives had 2.8 million of loans issued in 2000. The Cooperative Rural Banks scheme run in connection with some cooperatives had 6 million outstanding in 2000. Commercial banks reported 4.2 billion in microfinance loans in 2000, these amounted to 300,000 loans with an average size thus of under 100,000 tk. SEEDS' average loan size was about \$150 in 2003 by comparison. (MCRIL report). This commercial bank figure represented a considerable decline, because the Bank of Ceylon had dramatically reduced its microfinance exposure because of poor performance. Almost two-thirds of commercial bank clients were with the public sector People's Bank. The public sector bank programs were heavily subsidized and characterized by high levels of non-repayment. Ceylon and Hatton Bank had smaller and much better programs. The Hatton Bank was the subject of a study as model by USAID last year – and numerous others of its experience exist. It has roughly 10,000 loan clients (June 30, 2001).

Twenty-seven finance houses do small lending and several have microfinance sections. The volume of activity is not yet clear. In 2000, it was estimated that local and NGO funding accounted for less than 5% of all microfinance nationally, but more in the conflict-affected areas of the north and east. In the five districts in which REVIVE works, the 2000 figures for micro loans were as follows (Batticaloa and Trinco are not in the study):

District	No Loans	Amount Loans
Ampara	41,000	189 million
Galle	113,000	1 billion
Hambantota	110,000	702 million
Matara	138,000	1.3 billion
Kalutara	79,000	829 million
TOTAL	585,000	About 4 Billion

Appendix D. Microfinance  
Donors and Implementers, as of  
3/10/2005

Organization	Loans/Grants	Terms	Location	Partners	Project	Contact	Time Frame	Amount
<b>GOVERNMENT AND DONORS</b>								
World Bank	No tsunami MF plans, only grants for Tsunami recovery. WB is a funder, not implementer	Of \$75 m approved, \$30 is a grant, and the rest is credit to GOSL from IDA	Pre- Tsunami: Whole country for small MF capacity building	No MF, grants to GOSL. Grants to Janashakthi, Sewa Lanka and WDF	Has smaller, longer term institutional development program with some MFIs; but this is pre-tsunami. Tsunami components are (i) housing (largest), (ii) roads, water supply and other infrastructure, (iii) livelihood support and (iv) capacity building	Tel 244807 Co-coordinator Milan Vodopivec, also Sriyaneer Hulugalle and Mr Perera	No MF for now under tsunami recovery. IDA credit to GOSL has a 10-year grace period, maturity of 40 years, zero interest and 0.75 service charge on outstanding amount	Grants for tsunami recovery \$150 mn. Includes an emergency credit/grant in addition to \$75 mn pledged earlier. WDF received \$400,000 and WB proposes another \$400,000
Asian Development Bank	Loan; grants w/ loans	Inter-bank rate at 3%, lent at a cap of 6% to borrowers	All	National Development Trust Fund	Subsidized line of credit for all MFIs, Banks, NGOs. Will eventually revive Rural Finance Program which has been dragging, perhaps other MFI activity	2387055-8	medium term	\$7m in loans, and \$3 m in grants
ECHO/EU		ECHO just had a round of applications for conflict affected areas for water and sanitation and housing.	Previously for flooding, also in Ratnapura, Kalutara, Galle, Hambantota and Matara			Ms Merce de Torres Llosa 2674414		Pre-tsunami flooding Euro 8000,000 and 400,000
Government of Sri Lanka	Loans	Inter-bank rate at 3%, lent at a cap of 6% to borrowers; most will go to SMEs and not MEs; 3-8 year loans to FIs	Island wide also via ADB in Tsunami affected areas	NDTF, President's Fund, PM's Fund, Ministry of Small Industries and Ministry of Agriculture and Fisheries. Via state banks esp., also local NGOs	Through the NDTF, providing financing to commercial banks, credit unions and NGOs for on-lending to the tsunami affected. Ministry of Finance instructed not to give for MF as much was given, and remainder is for small and medium scale loans	CBSL 2477000 Regional Development Department Director Mr Karunaratne 2484593 Addl Director 2477432	3-8 years grace 1 year	Rs 5 billion disbursed and Rs 5 billion sanctioned, total around Rs 11-12 billion in PM's/ President's Funds
UNDP	Loans only, not grants	Terms are determined by the partners	8 districts of the NE	Via Sanasa, MPCSSs and TCCSSs. Also NGOs e.g. Sewa Lanka	People affected by war, Tsunami. For agriculture, fisheries, infrastructure, SMEs. No microfinance is offered via the South Field Office	Wuria Karadaghy, Transition Program, mobile 0777-563838	Varies. Client pays 18% p.a., 3% for admin, 1% for RLF	Rs 500-5,000

Organization	Loans/Grants	Terms	Location	Partners	Project	Contact	Time Frame	Amount
UNHCR	Loans from 1993, terminated in 1999. No post-tsunami MF, but many grants		Pre- tsunami: NE and Puttalam, Anuradha.	Pre-tsunami: Care, Sewa Lanka, Sarvodaya, GA, NGOs	MF in conflict areas were unsustainable and little financial management at the time, hence terminated prior to the cessation of hostilities	2683968	Not applicable	Pre-tsunami: Rs 81mn in MF 378 projects
UNICEF	Pre-tsunami: loans, post-tsunami	Pre-tsunami: RLFs, post-tsunami only grants	Island wide	INGOs ZOA, OXFAM and NGOs RDF, CTF and HBF	Lead UN agency for education, water supply and health	Maritsy 2555270		
WFP	Post tsunami: no MF, only grants	Combination of Food for Work (FfW) and cash for Work (CfW) w/ school feeding and maternal health	All Tsunami affected areas esp Mullaitivu, Trinco, Batti, Ampara and South	CfW from USAID, ILO or WVL	Keen to engage with USAID, for WFP to provide FfW and USAID to provide CfW	Deputy Resident Rep Jean Yves-LeQuime 4740350-2, RR 2580691	Target end, 2005 and continues under the Protected Relief and Recovery Operation	TBD
ILO	Training only, no loans/ grants	Initial training is provided on how to get access to credit, under Children Affected by War project and 4Rs Project, latter UNDP gives credit	Island wide, including NE, South, Central Province and Colombo	28 partners	Start and Improve Your Business (SIYB) project with SIDA for micro, BDS for small and medium entrepreneurs. Community based training in livelihood dev	Roel Hakemulder 0777-385202, Gamunu Wijesena 0777-385202	Loans/ grants: n/a, Training 3 days - 2 weeks	Not applicable
GTZ Germany	No grants, and nothing for tsunami per se. Community loans via PB, RBIP gives technical assistance. New MF project PROMISE	TA, M&E via own office. For IDPs, Tsunami affected.	NE, Central Province and Hambantota	People's Bank (PB)	Rural Banking Innovation Project in PB and Kandy, about to end. Check www.microfinance.lk	Dr Steinwand Frank Muller, Anke Wolf, Mr Hoffman, Kailainathan: 0112-383-346	15 days to distribute, 1-2 year loans	Rs 10,000 - Rs 1 mn
NOVIB/ HIVOS Netherlands	NOVIB: Not now doing MF. Are phasing out of Sri Lanka next year, HIVOS: Grants only in pre-Tsunami	NOVIB: Post tsunami: Not applicable - phasing out of Sri Lanka	NOVIB is phasing out of Sri Lanka	However NOVIB an agreement w/ Agromart & SEEDS	NOVIB is phasing out of Sri Lanka, HIVOS: Entrepreneur capacity building and strengthening partners Agromart and SEEDS	NOVIB: Mr Mahuruf 4301127, 0777-343265	NOVIB: Phasing out of Sri Lanka	NOVIB: Phasing out of Sri Lanka

Organization	Loans/Grants	Terms	Location	Partners	Project	Contact	Time Frame	Amount
JBIC Japan JICA	JBIC: No MF plans post tsunami, but ongoing funds for SE and MEs and vocation training via MSME projects such as PAMP JICA:	JBIC: Mostly large-scale infrastructure projects viz rehabilitating water and sanitation, irrigation, and building roads and vocational training	JBIC: Mainly in urban areas (Colombo, Kandy) JICA: 68 large projects almost island wide under Grant Aid program	NDB for JBIC	JBIC: Small and Micro Industries Leader and Entrepreneur Promotion Project . Provides low interest finance to MEs and MEs as well as Technology transfer  JICA: Grant aid program focuses on Basic Human Needs (BHN) viz medical care, water supply, rural development and HR	JBIC: Tel # on website and directory enquiries not valid, 40 Navam Mawatha, Colombo 2 JICA: 2303700 Green Lanka Tower, 5th floor, Navam Mawatha. Colombo 2, 2303700	Vary, JICA includes surveys to expedite execution of grant aid	JBIC: Two-step loans
AusAID	Following tsunami are not giving MF directly, but previously gave	March 9, 05 Tsunami Appropriation Bill introduced to parliament. Also small grants from the Direct Aid Program for affected families	Hikkaduwa, Batticaloa, Sainthamarutha and Trincomalee	Collaborative response w/ GOSL, private agencies and individuals. Grants via NGOs. Pre-tsunami gave grants to WDF for a pilot project for 100 beneficiaries. Also to Sewa Lanka and possibly SEEDS	No MF post-tsunami, but food aid, water, sanitation, shelter and public health. Further funds being mobilized for reconstruction phase	Andrew Adzic 2698767-9 ext 251 mobile 0776-250747	Continues into rehabilitation and reconstruction phase	Total amount all tsunami affected countries AU\$ 1.133 billion, of which \$10 million is for emergency relief Sri Lanka. Ongoing Aus\$ 23 mn program for 2004-5 will be adjusted for reconstruction phase
USAID	Post Tsunami: Cash for Work, MF and livelihoods restoration including commodity grants for productive assets, training and skills enhancement Pre-tsunami no direct MF but peripherally involved in drawing up an assessment on MF via HNB	Terms determined by various local NGOs	Galle Matara Hambantota Ampara and Trincomalee	TBD	Under Revive Nathan Associates will establish a Management Unit that will establish a disaster assistance recovery fund through OFDA financing	USAID Jeff Allen 2472855 Revive David Dyer 2395690	One year	\$ 10 mn

Organization	Loans/Grants	Terms	Location	Partners	Project	Contact	Time Frame	Amount
TDH Terre des Hommes, Helvetas, Swiss contact and bilat. Swiss Development Cooperation (SDC)	Helvetas: No MF. In process of starting a project in Ampara. Grant, followed by MF	Grants of \$200 per family w/ 6,000 beneficiaries	Ampara, Batticaloa HQ 7 Glen Aber Place, Colombo 4	Work directly with district and divisional secretaries	Helvetas: Cash to families hosting tsunami survivors. Similarly w/ SDC in Matara and Trinco. But is flexible, including confidence building, and innovative pilot activities. Batti: House reconstruction, irrigation systems	Helvetas : Jaeckler 0777-569742, others via Swiss embassy 2695127, 2695117 Renata 268-8347	Helvetas: 6 months from mid-April - end, 2005	Helvetas: \$200 per family x 6,000 families
DANIDA/DRC Denmark	DANIDA: No MF but give loans to GOSL	No MF	DRC: Trincomalee		DRC: Water, food and non-food items post Tsunami and will be integrated with normal programs (e.g. reconstruction)	DANIDA: Tony Michelson or Jean Samuel 2598896	On-going	DRC: \$1 mn
CIDA	No CIDA funds, only Canada Fund. Also grant or a Loan to Sanasa from CCF (not CIDA) or Canadian Corporation Association (Des Gardins Movement) in Quebec	Vary. Fishermen pay 40% or 100%. Siyath yarn is a grant, not a loan, RLF monthly interest rate is 1%. PDF annual interest is 21%	Kalutara, Galle and Matara	Kalutara Denary Fathers, Sirilaka Sahanasewa Padanama, Siyath and People's Development Foundation No longer SEEDS as project is closed	After tsunami, CIDA had following small initiatives on MF (RLF) from Canada Fund	C IDA: Rajaratne 2502640-4, Sanasa GM 2375091, Chair Sanasa 0777-275585	Not applicable	Limit of Canadian \$ 50,000 hence amount given to 4 partners is small. i.e. perhaps not reject these organizations simply because CODA has a small RLF
SIDA	Nothing of own at present. Co-finance GTZ on RBIP	Co-financed survey in NE. GTZ no longer requires co-financing w/ SIDA as they have sufficient funds after Tsunami	See column 'GTZ'	See column 'GTZ'	See column 'GTZ'	Swedish embassy 4795400 SIDA Romesh	See column 'GTZ'	See column 'GTZ'
<b>INTERNATIONAL NGOS</b>								
OXFAM	MF will come later, and through local MFIs	No loans as of yet, but grants. But are committed to give loans.	East and North	Seeds and Sarvodaya	Lost of cash for relief and asset replacement; some BDS	David Crawford, Country Rep. tel. 258-5965 0773-171596	Some MF pilots; may do MF later	CFW=1.7m pounds; Business development 730K pounds

Organization	Loans/Grants	Terms	Location	Partners	Project	Contact	Time Frame	Amount
Mercy Corps	Grant via Citibank	6 month moratorium on working with fishing sector	All tsunami-affected areas	Receiving proposals	Economic opportunities program - supplier finance with rice producers; focus will be on long-term capacity building	Mark Mitchell, tel. 077-6764746	Medium term	\$25m overall program funding; approx. \$2 million or less for MF
World Vision	Grant to their own start-up MFI	Tsunami relief not focused on MF	All tsunami-affected areas, but no post-tsunami MF	Vision Fund - WVI start-up	Replacing working assets in combination with loans from Vision fund. Projects in South adopt the Area Development Project (ADP) approach and are up to 12 years long. Emergency Relief and Disaster Management Unit operates usually on a one year tranche	Johanna Levy, Andrew Sundersinghe 2691233	Short and medium term	WVL received \$40 million for tsunami donations
Save the Children	Minimal MF - mostly asset replacement and CfW.	TBD	MF: Matara, Galle, Ampara; Batti no MF only projects	12 partners, not all in MF	No substantial microfinance plans - if elect to do MF it will be through existing organizations.	Jose Lopez, tel. 267-2668	medium term	TBD
CRS	No MF plans, but replacement plans and peace initiatives	Distributed provisions to 150,000 Tsunami survivors. Also temporary shelter	All Tsunami affected areas	CEDEC-Caritas	Focusing on housing for now; but they have 80	Graham Saunders, cell 0773 167-723	Current	No MF
CHF International	No MF, Transitional Shelter Project for tsunami survivors	No MF, only recovery assistance for southern Sri Lanka	Galle and Matara, visited by Bush and Clinton	Recovery Assistance for Southern Sri Lanka - RASSL	16,000 tsunami affected individuals. 500 temporary shelters, 3,000 transitional shelters, 32 infrastructure projects	00-301-587-4700	Current	\$3mn USAID grant, CHF International \$30,000
CARE	MF to tsunami survivors will come later, and through local MFIs	Post tsunami: Not applicable	Dept of co-operatives, 80 community banks	Plantation Housing and Social Welfare Trust	Mini banks model - community banks, savings enhancement and credit for the upliftments of residents of estates	2595751, 266292910-6	Since 2002	Not applicable
World Council of Credit Unions (WOCCU)	\$500K grant	Flexible	All tsunami affected areas	Sanasa	Supports sustainable development of financial co-operatives, Dr Kiriwandeniya spoke at WOCCU annual event in Washington D C after Tsunami	No one is SL based, Kimberly Johnston kjohnston@WOCCU (608_231-7904	Distributed	500K, \$350,000 to help build Sanasa . To date WOCCU paid \$600,000 to rebuild credit unions in Sri Lanka

Organization	Loans/Grants	Terms	Location	Partners	Project	Contact	Time Frame	Amount
Concern Worldwide Ireland	Loans and relief grants			Funding WDF and partnering with Sewa Lanka for MF and relief		Director Sheena McCann, Idris Ali-Kahn 2509828, 077-6901449 srilanka@concern.net jack.finucane@concern.ie Finucane Dublin		
GOAL Ireland	Commodity grants were given post-Tsunami	Temporary shelter, fisheries. MF no		Post-tsunami dropped WDF when heard that Concern gave		Country Director Fiona Gannon 4204007, 077-3207851		
ITDG UK	No MF per se, but in combination w/ MEs, same with post-Tsunami	No MF but link SEs to MFIs by building capacity of GOSL, NGOs and private sector in TA and disaster preparedness	Tsunami - affected areas	GOSL, NGOs and private sector	2 projects, both training or incubation centers. Train entrepreneurs to different types of MEs, viz technology, markets, quality. Work w/ Fisheries Ministry, agriculture and income generation. Also housing, energy, transport an early warning systems post-tsunami	2829412-5 Mr Edirisinghe or info. officer Ramona Miranda	Low cost and innovative technology for post Tsunami	No MF
FORUT Norway, assisted by Sweden	MF before tsunami but reconsidering and likely to give only grants post-Tsunami	New opinion in the South that following tsunami funds go to housing reconstruction hence MF is postponed. May reschedule case by case basis but will not write off loans. In full rescheduling will waive interest. Interest is 12-24% p.a.	Jaffna, Mullaitivu, Batticaloa, Ampara, Hambantota part of Colombo not Trinco	Formed by Zoa, VOGP in Jaffna, Hambantota CSF, Colombo HSRBF	MF in Colombo city for water and electricity. Also agriculture loans but an entire package of financial services	Mr Wijewardene 0777-845856, 2581226, 2596284	1-5 years	Rs 10,000 - 200,000, high owing to financing e.g. fishing gear

Organization	Loans/Grants	Terms	Location	Partners	Project	Contact	Time Frame	Amount
ZOA Netherlands	MF since 1996	Interest at 24% p.a. with 5% penalty on outstanding balance	NE and border regions	CBOs, ZOA receives aid from AusAID, UNICEF, WFP and UNHCR	MF integrated with savings and credit and social mobilization rather than integration with IGAs	NL embassy 2596914, 2596918	Short-term	Pre-Tsunami MF was 30% of portfolio, Rs 5,000-10,000
Relief International	Phase 2 MF	Phase II of program to establish MF for people in hardest hit sectors such as fishing	Ampara (not only)		Pre-tsunami onwards: RI gives micro credit for small business development. Training in marketing and accounting. Businesses in trade, textiles, leather, farming, livestock and other agricultural activities	Country Director Dr Jack Welch, Manoj 0773-187336 manoj@ri.org	1-5 years	Loans as low as \$100
Stromme Foundation	Loans and grants	Repayable in 8 quarterly installments over 2 years, For special loans monthly installments over 1 year; Rs 1,000-5,000. Last loan Rs 25,000 beyond which no longer MF	Pre-tsunami: Nagathenna Moneragala, Batticaloa, Pottuvil. Post-tsunami: Kalutara, Galle and Hambantota continuing w/ Batticaloa and Pottuvil in Ampara	11, of which 6 are regular, and 3 CBOs; i.e. 14 partners island wide	Mission: poverty alleviation. Vision: Empowerment. Strategy: MF, fisheries, education; Concept note for our project submitted to USAID/ Nathan	Nimal Martinus Regional Director 2667010/ 2667027	UP to 2007. As training is involved 1st loaned is 102 months	Rs 1000-5000. Last loan Rs 25,000. Beyond this entrepreneurship loans

# Appendix E. JVP Ministries and the Tsunami

A variety of peculiarities are associated with JVP-controlled ministries that are pursuing a parallel tsunami relief strategy with their own cadres and some associated NGOs, such as ITDG. A similar point might be made about the Islamic groups, especially from Pakistan and in Hambantota. These groups are quite effective in their own way, though often economically illiterate. Thus the Fisheries Ministries' opposition to the import of new boats is suicidal. This is not an issue that ought to be salient for REVIVE, but should be so for the entire U.S. relief effort, especially because it is clearly intended to win friends especially among groups assisted by both these groups.