

# Survey Report of Micro Finance Institutions Affected by Tsunami



Submitted to  
**German Technical Cooperation (GTZ)**

by  
**Sri Lanka Business Development Centre**  
32B, Huejay Court, 5<sup>th</sup> Floor  
Sir Mohammed Macan Markar Mawatha  
Colombo 3. Tel: + 011 2434952, 2437684-5  
Fax: + 011 2541170 E-mail: slbdc\_hr@sri.lanka.net

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# **SURVEY REPORT OF MICRO FINANCE INSTITUTIONS AFFECTED BY TSUNAMI**

## **EXECUTIVE SUMMARY**

The Sri Lanka Business Development Centre (SLBDC) was working with Micro Finance Institutions (MFIs) and the Business Community through the Ceylon Chamber of Commerce to organise some activities for the UN International Year of Microcredit 2005. When the December 2004 Tsunami struck we immediately changed our focus to reconstruction and recovery.

The SLBDC approached the GTZ for financial assistance to conduct a survey to assess the situation of MFIs through a structured questionnaire and through interviewing the officials of relevant MFIs. The survey was done through 4 weeks commencing February 7, 2005 involving 6 enumerators. The survey was conducted in 9 districts of Tsunami affected areas for 41 MFIs. 6 MFIs were not included in the report because either they were not in operation or they were not doing microcredit programs.

All the MFIs were highly established and conducting useful microcredit programs in agriculture, dairy, fishery, small businesses, manufacturing etc. The surveyed MFIs were severely damaged in property, funds, documents, equipment and loss of members (borrowers) and some cases staff members.

It is suggested that immediate action to be taken to give financial and technical assistance for reconstruction, rehabilitation of enterprises etc to these MFIs.

## **1. INTRODUCTION**

Following the Tsunami 2004 the Sri Lanka Business Development Centre (SLBDC) with the financial assistance of GTZ launched a survey in Tsunami affected areas in order to assess the extent and the nature of damages and losses caused to the Micro Finance Institutions (MFIs) operating in the affected districts of Colombo, Kalutara, Galle, Matara, Hambantota, Batticaloa, Ampara, Trincomalee and Jaffna. The survey was not carried out in Mullaitivu district, as there is no evidence of the existence of any functional MFI in that district. The survey which commenced during the first week of February 2005 was completed before the end of February 2005.

## 2. METHODOLOGY

The methodology adopted was a structured interview conducted by the trained enumerators of SLBDC with the key officials of the MFI in their own premises through a questionnaire developed by SLBDC in consultation with GTZ.

## 3. THE SURVEY

It was revealed that

- (a) out of the 41 MFIs referred to above the following MFIs were not dealing with micro finance activities but are engaged in other social interests like environment and sanitation.

- World Vision, Batticaloa
- Action Contrele Fam, Batticaloa
- ZOA, Batticaloa

- (b) (i) the following two MFIs listed for our survey were not in operation

- Community Development Solidarity Organization, Galle
- Self Employees Economic Development Association, Kalutara

- (ii) The Nelliady MPCs of Jaffna district does not fall within nor do their operations taken place in the Tsunami affected districts

- (iii) The Galoya Right Bank Outlet had been amalgamated with Agricultural Company (People's) Ltd., Ampara – which is not affected by the Tsunami

- (c) SEEDS, Moratuwa declined to participate or provide any information.

- (d) It was found that the MFIs that were subject to the survey were either registered with the Government Authorities/Provincial Authorities or have been incorporated by Act of Parliament as given below.

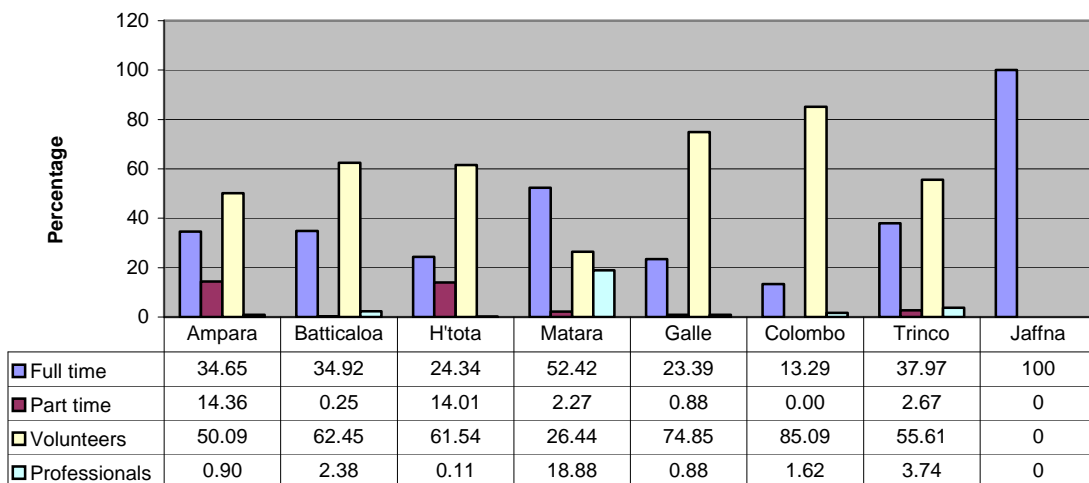
- (i) MFIs incorporated under Acts of Parliament
- Sareeram Sri Lanka National Foundation, Batticaloa
  - YMCA, Batticaloa

- (ii) MFIs registered with Co-operative Department
  - Mahasakthi Sanasa, Ampara
  - Zam Zam Fishermen's TCCS, Ampara
  - Sanasa, Galle
  - Puloly MPCS, Jaffna
  
- (iii) MFIs registered with Registrar of Companies
  - Agricultural Company (People's) Ltd.
  - Sri Rohana Social Development Foundation
  - SEEDS, Batticaloa
  
- (iv) All other MFIs have registered with Social Services Ministry/Provincial Authority as NGOs

(e) Administration

The MFIs maintain the required cadre of staff for their administration work and for field operations of supervision and monitoring. There were three categories of staff, some on full time, a few on part time and also professionals volunteers to assist in certain types of work.

**Number of Employees – District Averages**



(f) Sources of finance

- (i) The Central Bank of Sri Lanka funds the Ruhuna Development Bank, which is engaged in Microcredit Programs. The Ruhuna Development Bank has also

agreed to participate in the “Susahana” loan scheme initiated by the Central Bank to extend loan facilities to MFI.

- (ii) The Oxfam – GB and the UNDP units operating in these areas have their own funds from their Head Quarters.
- (iii) The other MFIs receive financial assistance from National Development Trust Fund (NDTF), Colombo and other international NGOs in addition to generating their own funds from their membership either in the form of savings or contributions.

#### **4. MEMBERSHIP OF MFI**

The analysis reveals that there are MFIs with a very large membership, as opposed to small and moderate ones as detailed below.

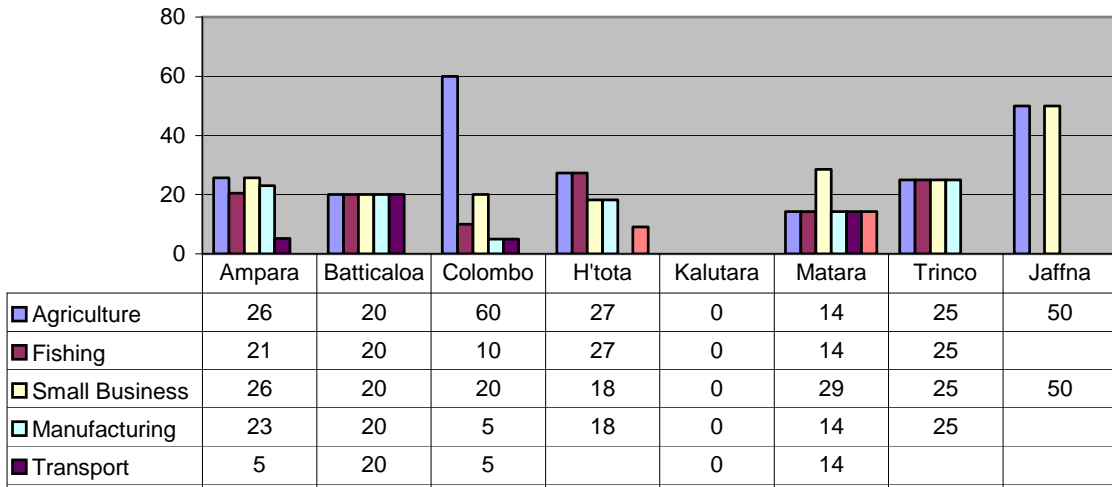
	Membership
▪ Women Development Federation (Janashakthi Bank), Hambantota	181,788
▪ Ruhuna Development Bank, Matara	20,000
▪ In regard to other MFIs the membership varies from 100 to 3,000 members while there are a few like the following, which has a membership of less than 100.	
	Membership
➤ Ghandi Sevai Association, Trincomalee	71
➤ SEDOT, Trincomalee	57
➤ Puloly MPCS, Jaffna	71

#### **5. LOAN DISBURSEMENT**

The outreach of the MFIs covers generally the following sectors.

- Agriculture/Dairy
- Fishery
- Small businesses
- Manufacturing
- There were 7 MFIs had funded in Tourism/Transport related business

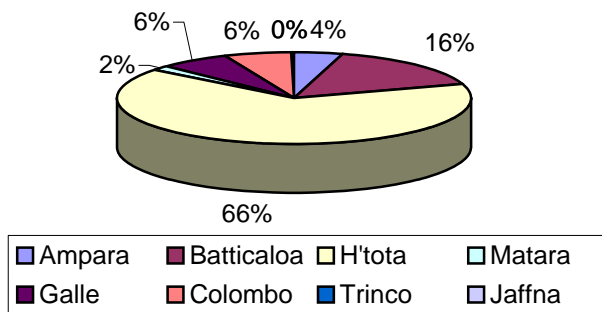
### Loan Disbursement by Sector – District Percentage



The amounts disbursed range from Rs 2,000 to a maximum of Rs 250,000 per entrepreneur. It is significant to note that the following three big MFIs have substantial sums of money lent to its membership as indicated below.

- Sareeram Sri Lanka National Foundation, Batticaloa – Rs 115,290,000/-
- Women's Development Federation (Janashakthi Bank), Hambantota – Rs. 806,000,000/-
- Ruhuna Development Bank, Matara – Rs 2,527,000,000/-

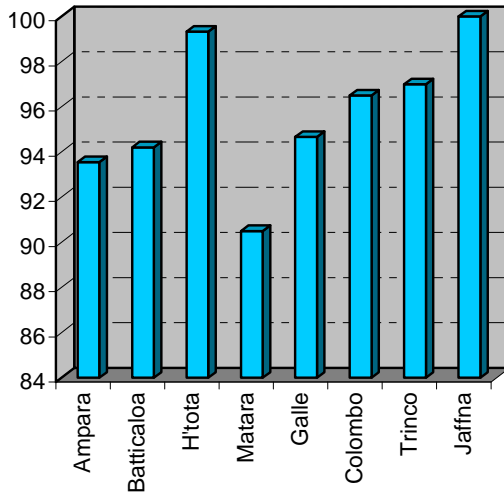
### Total Loans Given in each District (Averages)



District	Amount (Rs)
Ampara	55,403,943.00
Batticaloa	194,130,000.00
H'tota	812,830,000.00
Matara	20,000,000.00
Galle	79,000,000.00
Colombo	76,779,000.00
Trinco	1,400,000.00
Jaffna	1,775,000.00

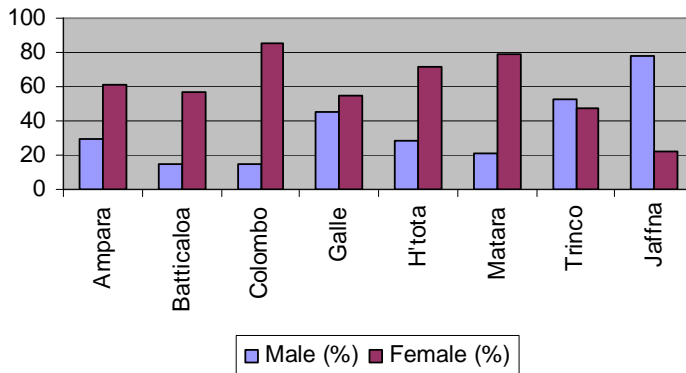
The notable and the impressive indicator in all these MFIs is the repayment rate, which approximates to 95% which may be on account of the fact that the members are mostly women and wherever they are not directly involved the disbursements are linked to women to ensure regular repayment.

### Repayment Percentage



District	Amount (%)
Ampara	93.55
Batticaloa	94.20
H'tota	99.33
Matara	90.50
Galle	94.67
Colombo	96.50
Trinco	97.00
Jaffna	100.00

### Gender Representation



District	Male (%)	Female (%)
Ampara	29.50	61.50
Batticaloa	14.90	56.70
Colombo	15.00	85.00
Galle	45.67	54.30
H'tota	28.33	71.70
Matara	21.00	79.00
Trinco	52.50	47.50
Jaffna	78.00	22.00

## 6. HOW TSUNAMI HAS AFFECTED THE MFIs AND THEIR MEMBERSHIP

Irrespective of sectors

- some of the MFIs members have lost their life or the life's of the members of their family.
- Lost their belongings, house & property
- Books of accounts and records of MFIs have either been washed away, destroyed or damaged
- Members have lost their economic livelihood, hence not in a position to honour their loan instalments
- Children have been mentally affected and are in a state of trauma

In total there are about 27,000 members of MFIs who have been affected in some form or other as a result of Tsunami. Out of this 12,000 members are from North & East and the balance



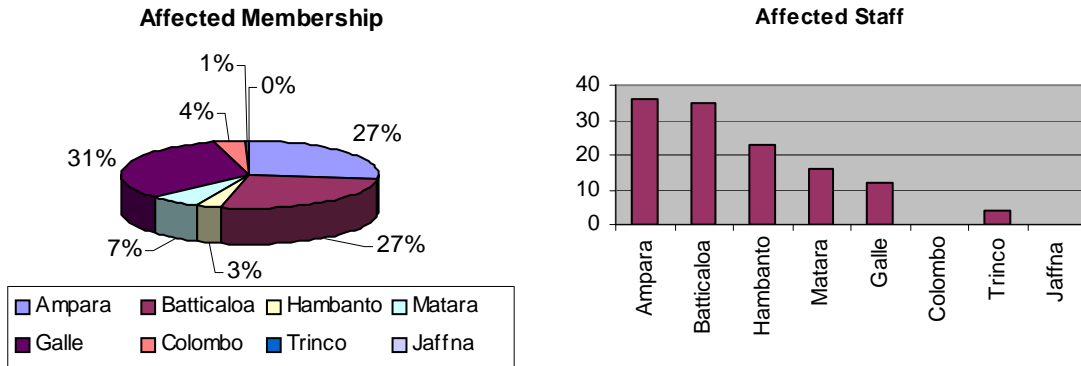
15,000 are from Southern part. The Tsunami did not spare even their staff in that about 15 staff members of some MFIs have been affected.

A firm estimate of the damages and losses sustained by the MFIs are being prepared by the MFIs but approximately the loss in the Southern part amounts to Rs 216,000,000/-. The loss of damage caused to the properties in North & East approximate to Rs 106,266,000/-.

The following MFIs were the worst hit due to the Tsunami.

- Social Welfare Organization, Ampara Rs. 60,020,000/-
- Ruhuna Development Bank, Matara Rs. 35,000,000/-
- Sanasa, Galle Rs. 7,500,000/-
- Women's Development Federation (Janashakthi Bank, Hambantota) Rs. 2,000,000/-

### Tsunami Affected Membership/Staff - District Averages



District	Affected	
	Members	Staff
Ampara	8249	36
Batticaloa	8285	35
H'tota	982	23
Matara	2020	16
Galle	10044	12
Colombo	1151	0
Trinco	184	4
Jaffna	0	0

All these MFIs have been rendered inactive and inoperative and are expecting financial assistance to recommence their activities and operations.

## **7. FINANCE**

On the whole the MFIs have in the past maintained required books of accounts and records and the annual general meetings have been held regularly, at which the annual accounts duly audited by reputed auditors have been presented, discussed and passed.

The MFIs have had their transactions operated through bank accounts with the necessary internal checks and controls.

A few of the MFIs have placed their excess cash in fixed deposits while the majority have utilized their funds for lending activities. The yearend financial performance has generally been a surplus barring two or three MFIs which have recorded losses.

The repayment rate has been on the average of 95% but in general there has been no provision in their accounts for non-performing loans presumably because of their high percentage of repayment.

## **8. CONCLUSION**

The survey reveals that the Tsunami has hit MFIs hard and their membership have been severely affected as highlighted above, and are in urgent need of reconstruction and rehabilitation in all aspects in the form of housing for displaced, financial and technical assistance to regain economic livelihood and counselling and training, especially for children to retrieve them from the shock and trauma that they had experienced. The SLBDC wishes to thank the MFIs for the cooperation extended in carrying out the survey and GTZ, Colombo for the financial assistance given.

**TSUNAMI AFFECTED MICROCREDIT PRACTITIONERS IN  
AMPARA DISTRICT**

<b>No</b>	<b>Organization Name</b>	<b>Address</b>	<b>Telephone Number</b>
1	Al-Quarish Social Foundation	No- 309, Main Street, Akkaraipattu-07.	067 2277195
2	Foundation of Rural Economic Development	Udayar Road, Akkaraipattu.	067 2277878, 0776034134
3	People's Progressive Development Foundation	R K M Road, Akkaraipattu-8.	067 2278492
4	Galoya Right Bank Outlet	Arasayadi, Ampara Road, Akkaraipattu.	067 2278940
5	Social Welfare Economic & Industrial Development Organization	Temple Road, Thirukkivil	067 2265036
6	Social Welfare Organization-Ampara District	Alayadivembu Akkaraipattu.	067 2277275
7	Zam Zam Fisher Fishermen's TCCS	No-664, Jinnah Road, Sainthamaruthu-14.	067 2222849 / 840
8	Agricultural Company (Peoples)Ltd	Main Street, Akkaraipattu.	067 2278940
9	Kalam Rural Reconstruction Foundation	No-7/8 , Common Road , Akkaraipattu-7	067 2277034
10	Mahasakthi 'SANASA'	Sahamam Road, Akkaraipattu.	067 2277697
11	Durka Rural Women Welfare Foundation	Kolavil 2, Akkaraipattu.	067 2277186

**TSUNAMI AFFECTED MICROCREDIT PRACTITIONERS IN  
BATTICALOA DISTRICT**

<b>Organization Name</b>	<b>Address</b>	<b>Telephone Number</b>	
North East Rehabilitation Training & Research Association	Main Street, Kirankulam,Batticaloa.	065 2250647	
Young Men's Christian Association	No- 20/24/20 A, Kannahi Amman Kovil Road, Batticaloa.	065 2222495	
Sareeram Sri Lanka National Foundation	Kalmunai Road, Thalankudah	065 2246677 065 2246095	
<b>Tsunami affected MC Practitioners (New List)</b>			
<b>Organization Name</b>	<b>Address</b>	<b>District</b>	<b>Telephone Number</b>
World Vision	40, Central Road, Batticaloa.	Batticaloa	065 2223048 065 2226355
EHED	50, Central Road, Batticaloa.	Batticaloa	065 2222125
Esco	6 / 3, Vetharaniyam Square, Batticaloa.	Batticaloa	065 2224728
Sarvodaya	19, Bundings Lane, Batticaloa.	Batticaloa	065 2225292
Action Contrele Fam	103,Lady Manning Drive, Batticaloa.	Batticaloa	065 2222263
ZOA	55 / 1, New Vanniyar's Lane, Batticaloa.	Batticaloa	065 2223962 065 2224951
P W A	Barathi Road, Kiran.	Batticaloa	
Oxfam GB	117, New Kalmunai Road, Kallady, Batticaloa.	Batticaloa	065 2225878 065 2222676
UNDP	No. 30, Charles Veluppillai Drive, Kallady, Batticaloa.	Batticaloa	065 2222264

**TSUNAMI AFFECTED MICROCREDIT PRACTITIONERS IN  
TRINCOMALEE DISTRICT**

<b>Organization Name</b>	<b>Address</b>	<b>Telephone Number</b>	
Trincomalee District Gandhi Sevai Association	No-57, Trinco Kandy Road, Linganagar, Trincomalee.	026 2222743	
<b>Tsunami affected MC Practitioners ( New list)</b>			
<b>Organization Name</b>	<b>Address</b>	<b>District</b>	<b>Telephone Number</b>
Ceylinco Gramin Credit Co. Ltd	90, Vidyalayam Road, Trincomalee.	Trincomalee	026 2227732
E R D Foundation	233, Court Road, Trincomalee.	Trincomalee	026 2221707 026 2223879
S.E.D.O.T	89, Green Road, Trincomalee.	Trincomalee.	026 2225989

**TSUNAMI AFFECTED MICROCREDIT PRACTITIONERS IN  
JAFFNA DISTRICT**

<b>Organization Name</b>	<b>Address</b>	<b>Telephone Number</b>
Puloly MPCs	Puloluy East, Point Pedro.	021 2263275
Kaddalvely- Nellyyadi MPCs	Nellyyadi , Karaveddy.	021 2283312

**TSUNAMI AFFECTED MICROCREDIT PRACTITIONERS IN  
GALLE DISTRICT**

<b>Organization Name</b>	<b>Address</b>	<b>Telephone Number</b>
Community Development Solidarity Organization	268,Induranavila, Dikkumbura, Ahangama.	
SANASA	153,Abdul Wahab Road, Galle.	0912222745
Habaraduwa Participatory Development Foundation	Meepe Road, Katukurunda, Habaraduwa.	0912282039

**TSUNAMI AFFECTED MICROCREDIT PRACTITIONERS IN  
MATARA DISTRICT**

<b>Organization Name</b>	<b>Address</b>	<b>Telephone Number</b>
Sahabagiwa Nawa Sanwardana Padanama	Kapugama, Devinuwara.	078 8510975
Ruhunu Development Bank	382,A, Dharmapala Mawatha, Pamburana Road, Matara.	041 2231531

**TSUNAMI AFFECTED MICROCREDIT PRACTITIONERS IN  
HAMBANTOTA DISTRICT**

<b>Organization Name</b>	<b>Address</b>	<b>Telephone Number</b>
Sri Rohana Social Services Society Ltd	Kahandawa, Ranna	078 8529052 / 071 2337530
Hambantota District Human Resource Development Organization	Seenimodara, Nakulugamuwa.	047 2257054
Women Development Federation (Janashakthi Bank)	Vihara Maha Devi Mandiriya Tangalle Road, Hambantota.	047 2220233 / 047 2220499

**TSUNAMI AFFECTED MICROCREDIT PRACTITIONERS IN  
KALUTARA DISTRICT**

<b>Organization Name</b>	<b>Address</b>	<b>Telephone Number</b>
Self Employees Economic Development Association of Sri Lanka.(SEEDA)	Coordinating Centre " Swashakthi Niwasa" Neboda, Kaluthara.	034 2242480

**TSUNAMI AFFECTED MICROCREDIT PRACTITIONERS IN  
COLOMBO DISTRICT**

<b>Organization Name</b>	<b>Address</b>	<b>Telephone Number</b>
Dahampura Sarvodaya Development Bank	Kaldelmulla, Moratuwa.	0112622042
Arthacharya Foundation	16/1,1/1,Galle Road, Mt.Lavinia.	0112737143 / 0114205840
Sarvodaya Economic Enterprise Development Service (Guarantee) Ltd.	No.45, Arthadahama Kenthraya, Rawathawatha,Moratuwa.	0112655119/18/21