



**REGIONAL FISHERIES LIVELIHOODS PROGRAMME
FOR SOUTH AND SOUTHEAST ASIA (RFLP)**

**Improving access to micro-finance for
small-scale fishers in Sri Lanka**

For the Regional Fisheries Livelihoods Programme for South and Southeast Asia

Prepared by

RFLP Sri Lanka

Date

August 2013

This report has been made with the financial support of the Spanish Agency of International Cooperation for Development (AECID) through an FAO trust-fund project, the Regional Fisheries Livelihoods Programme (RFLP) for South and Southeast Asia.

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Bibliographic reference

For bibliographic purposes, please reference this publication as:

RFLP Sri Lanka (2013), Improving access to micro-finance for small-scale fishers in Sri Lanka. Regional Fisheries Livelihoods Programme for South and Southeast Asia (GCP/RAS/237/SPA) Field Project Document 2013/SRL/MIC/02.

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List of acronyms

APRACA	Asia-Pacific Rural and Agricultural Credit Association
BOI	Board of Investment
CBO	Community Based Organization
DFAR	Department of Fisheries and Aquatic Resources
FAO	Food and Agriculture Organization
FCS	Fisheries Cooperative Societies
FIFNA	Fish Finance Network Association
LKR	Lanka Rupees
MFARD	Ministry of Fisheries and Aquatic Resources Development
MFI	Micro-finance Institution
MIS	Management Information System
NDTF	National Development Trust Fund
RDB	Regional Development Bank
RFLP	Regional Fisheries Livelihoods Programme
RFO	Rural Fisheries Organization
SLSB	Sri Lanka Savings Bank
TOR	Terms of Reference

1. Introduction

Across South and Southeast Asia, the livelihoods of coastal small-scale fishers are among the most insecure and vulnerable. They are dependent on an increasingly depleted and degraded resource, due to overcapacity, resource access conflicts and inadequate resource management. These communities make important but often poorly recognized contributions to the food security and development of many millions of people and to national and regional economies.

The four-year (2009 – 2013), Regional Fisheries Livelihoods Programme for South and Southeast Asia (RFLP) was funded by the Kingdom of Spain and implemented by the Food and Agriculture Organization of the United Nations (FAO) working in close collaboration with national authorities responsible for fisheries in Cambodia, Indonesia, the Philippines, Sri Lanka, Timor-Leste and Viet Nam.

The major expected outputs of RFLP were to establish:

- Co-management mechanisms for sustainable utilization of fishery resources;
- Measures to improve safety and reduce vulnerability for fisher communities;
- Measures for improved quality of fishery products and market chains;
- Diversified or strengthened income opportunities for fisher families; and,
- Better access to micro-finance services for fishers, processors and vendors.

In addition, RFLP also sought to facilitate the regional sharing of knowledge in support of livelihoods development and reduced vulnerability for fisher communities and of sustainable fisheries resource management.

RFLP project activities in Sri Lanka were implemented in the coastal areas of Gampaha and Puttalam districts. They largely centred around three important lagoon systems namely, Negombo lagoon, Chilaw lagoon and Puttalam lagoon. The Ministry of Fisheries and Aquatic Resources Development of Sri Lanka (MFARD) was the government counterpart.

2. Context

Non-availability of credit facilities has been a major factor responsible for the slowing down of the progress of the fisheries sector of Sri Lanka in recent times. Sri Lanka's

Fisheries Sector Development Plan¹ says that “Investments in the small-scale sector too have suffered owing to the lack of development oriented credit schemes and this has led to low incomes and persistence of indebtedness”. Evidence from evaluations of past activities suggests that formal credit programmes through cooperatives and rural banks, often supported by donor agencies, are often not successful, both in terms of the viability of lending institutions and the ability of intended beneficiaries to access credit. Informal savings schemes and credit markets are widely developed as they are closer to the users, more flexible and more adapted to their needs. Consequently, there is a growing recognition of the importance of micro-finance as a crucial development tool, which is yet to be fully reflected in the fisheries policies.

This situation was further revealed by the baseline survey implemented by RFLP, which highlighted that the main borrowing source for fishers was friends and relations, commercial banks and the Cooperative Rural Bank at 25.6, 24.4 % and 19.2 % respectively. Women were more likely to approach micro-finance institutions (MFIs) for credit than men, with security being provided by group/member guarantee (90.2 %). Land deeds and jewellery were the most commonly provided collateral to obtain a micro-loan at 80.0 and 46.7 % respectively.

A scoping mission carried out for RFLP in 2010 by the Asia-Pacific Rural and Agricultural Credit Association (APRACA) identified that many of the co-operative societies functioning as MFIs were built around party politics and most of them were also family dominated. MFI staff were neither skilled nor committed to their tasks and most MFIs had low institutional capacity which resulted in poor loan portfolio management, weak financial management and tracking systems, and high delinquency rates. As a result, the majority of small-scale fishers were seen as high risk by commercial MFIs, had at best limited access to formal micro-finance institutions and relied heavily on village money-lenders for their credit requirements.

Table.1 Gaps in terms of access to micro-finance

Gaps	Features
Portfolio gaps	<ul style="list-style-type: none"> • Few savings products were available • Lack of accessibility to insurance products like credit, business and person • Lack of small and short term loans based on seasonal harvest variations • Non -availability of suitable financial products (emergency, consumptive, festival) • Non -availability of non- financial products • Poor maintenance of the portfolio at risk (PAR) and poor

¹ Ministry of Fisheries and Aquatic Resources Development (MFARD), Fisheries Sector Development Plan 2007-16.

Gaps	Features
	delinquency management
Efficiency Gaps	<ul style="list-style-type: none"> • No pre-assessment of the client • Lack of supervision on proper use of credit • Lengthy and complex loan application process • Non-availability of repayment schedule • Lack of adherence to loan cycles • Groups comprising too many members • No proper perception and maintenance of operational self-sufficiency (OSS) and financial self-sufficiency (FSS)
Sustainability Gaps	<ul style="list-style-type: none"> • Writing off of interest • Non-competitive interest rates • Loan disbursement without credit insurance • Inability to pay additional instalments when the client has excess money in hand
Outreach Gaps	<ul style="list-style-type: none"> • Credit for non-fishery livelihoods • Less credit distribution on a group basis • Making compulsory savings a guarantee for credit • Non-identification of correct target segment and the client • Non-availability of profit sharing system with clients and many guarantors

3. The RFLP Strategy

In this context, RFLP undertook a micro-finance programme with the objective of creating a conducive environment for fisher communities – fishers, fish processors, vendors and their women folk – to better access a broad spectrum of micro-finance services including savings, credit and micro-insurance in the districts of Gampaha (Negombo) and Puttalam.

The overall strategy adopted was to facilitate community participation in micro-finance schemes through strengthening existing community organizations. This took place by raising awareness and through training and mentoring on the benefits of micro-finance services as well as by linking them with existing service providers in the industry. The dual approach adopted by the programme was that while building the capacities of the community based micro-finance institutions, sector specific knowledge and awareness of the national and provincial level institutions were also raised by exposing communities to the industry.

In particular, RFLP persuaded and influenced the national level counterparts to refashion, update and improve their policies and procedures as per the requirements of the industry. The activities of the programme were based on a consultative and

participatory approach with the target groups and stakeholders and were implemented through partnership arrangements rather than outsourcing to service providers.

The guiding principles of the RFLP Sri Lanka micro-finance output followed were that:

- RFLP would not provide any credit funds for loan disbursements in any form and the RFLP role was that of a facilitator and a catalyst;
- All activities were to be based on a consultative participatory approach with the target groups and stakeholders;
- No new organizations were to be created for the implementation of micro-finance activities, i.e. RFLP would work with and build on the strengths of existing MFIs, community and fisher organizations; and
- All activities were to be implemented through partnership arrangements rather than outsourcing to service providers and consultants who were unlikely to provide any services beyond the RFLP period.

4. The process

4.1 Finalization of the micro-finance model

DFAR initially suggested that the Co-operative Fisheries Federation should be used as the key partner institution for the implementation of RFLP's micro-finance activities. However during a consultative process when the proposed model was presented and discussed with target groups, consensus was reached to work through village level institutions such as fisheries co-operative societies and village rural organizations. These organisations were seen as more appropriate as they maintain direct contacts with communities in comparison to the apex organizations, which are more remote.

4.2 Training needs assessment (TNA)

The baseline and APRACA surveys and consultations clearly indicated the need to raise awareness and provide training on micro-finance services. RFLP therefore conducted a training needs assessment for target beneficiaries plus staff of key supporting agencies including fisheries cooperative society committee members, rural fishery organizations and DFAR staff, in the first quarter of 2011. This took place using a participatory methodology and by working in collaboration with the three district offices of the Department of Fisheries and Aquatic Resources. The participatory activity was conducted in two stages. Separate workshops were arranged for different stakeholder groups to get their feedback through brainstorming and to prioritise their training needs. Following this, selected training needs were prioritized by using the Ten Seed Technique. The subject matter for inclusion in each identified training course was brainstormed and agreed with the participants. During this process RFLP and DFAR staff were consulted and their suggestions and comments also incorporated.

4.3 Training plan formulation and curricula design

The training needs assessment findings were used to agree the curriculum (core curriculum and specific curriculum) for each training course topic. Detailed subject content for each training course was determined and developed for four target training groups namely;

- Clients of fisheries cooperative societies and rural fisheries organizations² (RFOs);
- Leaders of fisheries cooperative societies and rural fisheries organizations;
- Managers of fisheries cooperative societies and rural fisheries organizations; and,
- DFAR Fishery Officers.

4.4 Selection of micro-finance institutions

The selection of micro-finance institutions (MFIs) was a crucial step in the process since success or otherwise of pilot activities depended to a large degree on them. These MFIs were to be the focus of the initial capacity building process of the programme. The selection was carried out jointly by RFLP with DFAR. The following selection criteria were used:

- Proven experience in providing micro-finance services;
- Experience in delivering services to small-scale fishers, fisher women, fish processors and others depending on fisheries activities for their livelihoods;
- Have an active body of officers and directors;
- Financial books and documents were maintained properly during the past two years with transparency in financial management; and,
- Has the potential to accommodate new clientele.

This process however was a challenge as it was apparent that there was some bias in favour or against certain MFIs. Thirty MFIs were eventually selected from existing fisheries co-operative societies and rural fisheries organizations.

4.5 Service cluster formation

It was realized that the proposed capacity building activities in the initial phase and the subsequent field level development activities would be more effective and have greater impact if they targeted broader, more representative groups. Accordingly the 30 societies were invited to send three of their key officials and managers to represent them in clusters which were organized on a geographical basis with a view to ensuring logistical convenience. These clusters were expected to have a broader outlook and in addition the

² RFOs are a new type of community organization established by the Ministry of Fisheries and Aquatic Resources in 2010-2011. This is the lowest tier in the three tiered fisheries federation.

capacity to interact more effectively with larger national level micro-finance service providers. In addition they were expected to facilitate more effective monitoring of activity progress.

Table 2. Benefits of cluster approach

- | |
|---|
| <ul style="list-style-type: none">▪ Provide a forum/platform for the MFIs to work together;▪ Exchange experience and information with peers;▪ Review and monitoring of micro-finance activities within the cluster;▪ Promote healthy competition between MFIs and provide an incentive to improve their operational performance and efficiency;▪ Improve leadership qualities of key MFI officials and managers; and,▪ Facilitate training and awareness raising programmes. |
|---|

4.6 Cluster function

The MFI clusters functioned since 2011 based on a set of procedural arrangements drafted by the cluster members with guidance from the RFLP micro-finance consultant.

The benefits of forming MFI clusters were numerous. The clusters provided a forum or platform for the MFIs to work together, where they could exchange experiences and information as well as assist one another by reviewing and monitoring their micro-finance activities. In addition the clusters helped to promote healthy competition between MFIs and provided an incentive to improve their operational performance and efficiency. This helped to improve the leadership capacity of the key MFI officials and managers, as well as to facilitate training and awareness raising programmes.

The clusters conducted meetings at least once a month. Each cluster elected a leader and deputy leader at an inaugural meeting with the leadership being rotated every three months to provide leadership exposure to as many members as possible. The typical agenda of a cluster meeting included: presentation and review of the previous month's progress of the MFI concerned; presentation and discussion of the work programme of MFI over the last month; general discussion covering the two above items; and an address by an invited speaker on a specific subject useful to the cluster. Meetings were also attended by the Assistant Director of Fisheries or his/her representative and representatives of the FAO/RFLP in an advisory capacity to gather data on membership and their savings deposits, loan disbursements and recovery and any other operational information submitted by each MFI for review. It is encouraging to note that the transparency and the competitive spirit have led to considerable improvements in the delivery of micro-services by the MFIs. For example in the Sinnapaduwa cluster five out of six groups have succeeded in maintaining 100% loan recovery rates.

4.7 Formation of six credit and saving centres with the Regional Development Bank

At the request of RFLP, six savings and credit centres were formed by the Regional Development Bank (RDB) at its Ja Ela, Negombo and Kalpitiya branches. These provided savings and loans services to individual clients.

The details of the credit and saving centres are given in Table 3.

Table 3. Details of the credit and saving centres by RDB

No	RDB Branch	Savings and credit centre	Number of clients enrolled
1	Ja Ela	Awarakotuwa	234
2	Ja Ela	Thaldiyawatta	58
3	Ja Ela	Jude watta	112
4	Negombo	Thalahena	42
5	Kalpitiya	Kurakkanhena	54
6	Kalpitiya	Anawasala	142
		Total	642

4.8 Training and capacity building

The RFLP approach to training was to carry out short teaching sessions of a maximum of 10 minutes. These were then supplemented by interaction activities involving hand-outs, group discussion and individual work.

The training method used was a highly active learning approach through the use of participative learning methods. Participants were not trained in a general or passive way. Trainees worked in both groups and individually while the trainer's role was to act more as a 'facilitator' of learning rather than as a lecturer.

Every trainee had ideas and suggestions from which the others could learn. By sharing this individual insight and experience, all the participants gained additional knowledge from one another. Trainees were appreciative of the value of teamwork and made a positive contribution when working with others to solve problems and to complete tasks.

The principle themes covered under training and capacity building programmes were;

- Improving governance;
- Institutional capacity building;
- Participatory training needs assessment;
- Developing policies and procedures on fish finance;
- Establish monitoring information system (MIS) for portfolio tracking and accounting;
- Establish fish finance practitioner's network; and,

- Human capacity building.

Table 4. Micro-Finance Capacity Building Training Programmes

MFI managers

1. What is micro-finance, principles and its nature;
2. Appropriate leadership skills for fish finance and MFI governance;
3. Preventing loan delinquency and delinquency management;
4. Cooperative laws and regulations;
5. Appropriate management skills for fish finance;
6. Setting interest rates;
7. Portfolio management and aging analysis;
8. What is credit life insurance;
9. Credit life insurance management;
10. Financial reporting;
11. Financial analysis;
12. Financial management;
13. MF product development and pricing;
14. Client obligations and responsibility;
15. 360 degree financial literacy; and,
16. Management information system.

A total of 15 managers were trained, of which 14 were women.

MFI leaders / board of directors

1. The principles and understanding of micro-finance;
2. Rural fisheries organizational structure and functions;
3. Cooperative law and functions;
4. Delinquency management;
5. Good governance of micro-finance;
6. How to establish a micro-finance program;
7. Micro-insurance product development and awareness;
8. Management information system; and,
9. Loan products and savings product development.

A total of 331 MFIs leaders were trained, of which 172 were women.

MFI clients

1. Client responsibility and obligations on credit;
2. Rural fisheries organizational structure and functions;
3. Credit life insurance awareness; and,
4. 360 degree financial literacy.

4.9 Introducing a micro-finance reporting system for fisheries cooperative societies

RFLP introduced the use of a micro-finance current status report to measure MFIs performance on a monthly basis. MFI managers were then presented with this report at the cluster meetings for in-depth discussion. This was a major change for the MFIs many of which had not previously kept records on a monthly basis.

4.10 Development of loan policies and documents

A number of loan policies and documents were designed by RFLP for MFIs. These included:

- Loan application formats;
- Loan agreements;
- Promissory notes;
- Loan assessment formats; and,
- Guarantor's letters.

4.11 Establishment of the Fish Finance Network of Micro-Finance Associations

RFLP took the landmark step of bringing together the different MFIs under the programme and encouraging them to form an apex body called the “Fish Finance Network of Micro-Finance Associations” (FIFNA). The formal establishment of FIFNA took place on 14 May 2012.

The purpose for establishing FIFNA was to help the member organizations to further develop and to provide greater economies of scale for their operations. In addition, FIFNA has also facilitated better access to credit from larger lenders as well as other micro-finance services such as micro-insurance for its members. The association has acted as the fishers' representative within the micro-finance industry and facilitated in dealing, negotiating and collaborating with national level micro-finance and insurance service providers.

The FIFNA management board comprises seven directors (including one female director) representing all three constituent fisheries divisions (Negombo, Chilaw and Puttalam) in the RFLP area. In addition, a seven-member Advisory Board (including one female member) was also appointed to provide guidance to the board of directors. The FIFNA directors also requested that the RFLP National Project Manager and micro-finance consultant provide assistance by joining the FIFNA Advisory Board. RFLP agreed to provide such assistance. By the end of September 2012 within a short period of a mere three months after its establishment, FIFNA had already achieved several impressive and noteworthy accomplishments. These included:

- Signing of a management proxy with Planet Guarantee to offer credit life insurance for small-scale fishers in Sri Lanka; and,
- Introduction of micro-finance wholesale lenders to RFLP supported fisheries cooperative societies.

4.12 Introducing Credit Life Insurance scheme (Janasuraksha) for small-scale fishers

On 21st August 2011 FIFNA signed a management proxy with Planet Guarantee for issuing credit life insurance for small-scale fishers in Sri Lanka. Fisheries cooperative societies (FCSs) are now able to offer insurance for the loans they provide. This was a major achievement as credit life insurance was previously not available for fisher communities. Education costs of children are also covered by these insurance policies in case a fisher dies.

4.13 Linking MFIs/FIFNA with provincial/national level organizations

An interesting feature of RFLP's micro-finance process was the parallel development to engage a number of external entities from among the experienced MFI actors in the country. Most of these are organizations at the provincial and national level which became "partners" of the RFLP supported MFIs/clusters and FIFNA. These "partners" have worked closely to mentor the latter and to provide them with the necessary guidance in their role as micro-finance entities. This relationship was formalized by concluding broad partnership agreements between the MFIs and the partners which spelled out the key obligations of the respective parties concerned. Among these key partner organizations are Planet Guarantee, Sri Lanka Savings Bank, Regional Development Bank, Janashakthi Insurance, Rajeeda Holdings, and the Human Resource Foundation.

4.14 Establishment of a management information system

RFLP also took the initiative to establish an IT-based management information system for four selected fisheries cooperative societies as a pilot activity to help them to manage their information more systematically. This will help the MFIs to increase client outreach, to diversify their business, and to ensure a higher degree of accountability and transparency in their transactions, and thereby enhance their credibility and inspire increased confidence of outside partner organizations to expand their business relationships. It is hoped that the success of this pilot activity will lead to the introduction/expansion of such information systems for and by other institutions.

5. Lessons learned

Important lessons learned, which the Government of Sri Lanka and other projects can benefit from include:

- In fixed, short-term development projects there is insufficient time to form and develop new micro-finance institutions. Hence it was necessary to work with existing but carefully selected, institutions to achieve positive impact when piloting new activities.
- The selection of the MFIs was done in consultation with the officials of the Department of Fisheries who had bias in favour of or against certain MFIs and particularly fisheries cooperative societies based on previous experiences. This required RFLP to develop objective selection criteria that were open, fair and transparent and to give the beneficiary communities a fairly prominent role in the process.
- The curriculum and materials used for training of fisher communities and local-level MFIs should be tailored to the specific needs of the fishers and their environment. It is particularly important to use appropriate language and terms that they understand. If external trainers are used to deliver training, they should be given proper orientation on this topic.
- In addition to the main micro-finance target groups, namely fishing communities and the MFIs it was necessary to provide effective capacity building programmes for staff of key supporting stakeholder groups including DFAR and the Co-operative Department because of the crucial role they play in coordinating, auditing, inspecting and monitoring. In addition, they also play a vital role in supporting communities to ensure the sustainability of RFLP activities. In hindsight greater emphasis should have been given to this.

6. Unexpected benefits arising from the activities

Several significant but unexpected benefits arose as a result of RFLP's micro-finance activities. One important benefit was the business relationships that have developed between some of the MFIs and the provincial/national level MF service providers once the parties were introduced to other, and began collaborative linkages as a result RFLP supported meetings and/or training programmes.

Another unexpected benefit worthy of mention is how fast the concept of micro-insurance, which was a totally alien to the communities in the area before RFLP SRL intervention, has progressed with 93 credit life insurance policies with a total value of LKR. 7.1 million being established within the last year.

The apex organization FIFNA created by the programme has turned out to be a major success and has amply justified its formation. This is reflected by the decision of one of the most important national level micro-finance service providers namely Planet Guarantee/Janasakthi insurance to bestow on FIFNA the important status as accredited agents for the issuance of micro-credit insurance policies.

The formation of MFI clusters and the functioning of FIFNA resulted in better transparency of activities and lesson learning from MFI successes and failures as a regular agenda item in cluster and FIFNA meetings. Profit and loss monitoring which was previously conducted after the event and were merely historical reporting are now considered and reported in real time, allowing timely corrective action before it is too late. As a result of the open reviews, the book keeping/accounting in MFIs has ceased to go into arrears. This transparency and the competitive spirit among the MFIs and clusters has led to considerable improvements in portfolio management and reductions in delinquency levels. For example, 13 out of 15 fisheries cooperative societies working with the programme have been successfully audited on time.

As stated, the RFLP capacity building programmes have provided some in-depth training to MFI managers and their clients. Among these were some who have shown a keen interest in micro-finance concepts, better practices and procedures and at least two such people have commenced imparting their knowledge both within and outside the project area. This was a very significant unexpected benefit of the programme and FIFNA and MFIs will be able to use their services as trainers. There were also requests during RFLP training courses that the RFLP conducts a course on micro-finance leading to the award of a diploma.

7. Results

Although RFLP has only conducted micro-finance service activities for 26 months the results achieved to date are impressive. Among the most noteworthy accomplishments are the following:

- 450 cluster beneficiaries in Negombo and Puttalam were given access to the Rural Development Bank (RDB) in their area to open savings accounts and then to apply for micro-loans. So far, 428 such loans have been disbursed by the RDB with a total value of LKR 17.2 million.
- Fisheries Cooperative Societies have also disbursed 5,359 loans with a total value of LKR 65.6 million.
- Seven savings and credit centres were established during 2012 with the support of the RDB. 450 beneficiaries have already registered with these centres for access micro-finance.
- FIFNA signed a management proxy on 21 August 2012 with Planet Guarantee for issuing credit life insurance for small-scale fishers in Sri Lanka. FIFNA has been selected for issuing credit life insurance for small-scale fishers.
- 93 clients have taken credit life insurance for their loans. The total covered portfolio is LKR 7.1 million
- 11 wholesale loan applications have been handed over to the Sri Lanka Savings bank for a loan amount totalling LKR 18.5 million. Nine RFLP MFIs have been

assessed by the Sri Lanka Savings Bank for approval of wholesale loan. Two RFLP MFIs have signed wholesale loan agreements with Sri Lanka Savings Bank. The total loan amount is LKR 1.4 million.

- FIFNA and the nine Fisheries Cooperative Societies have established a collaborative link with Wayamba Human Resource Authority to get wholesale funding.
- A 100 percent loan recovery rate maintained at a number of FCS and credit and savings centres.
- Loan products of FCS were revised to better suit small-scale fishers.
- Accurate and transparent reporting systems were established in the FCSs that have worked with RFLP. As a result, the FCSs were able to attract more members. In 2012, 17 new members were registered in Lurdukumari FCS in Puttalam, 17 in Sinnapaduwa FCS, 20 in Medawatta FCS and 10 in Pilliwasalpaduwa FCS.
- The cluster approach used by RFLP has proved successful. Participating FCSs have shared their success and failures among cluster members and learned from each other. Profits and losses incurred were reviewed openly increasing the transparency of management, which led ultimately to considerable improvements in portfolio management and reductions in delinquency levels in the FCSs.
- The achievements of RFLP in enhancing access to micro-finance for fisher communities in Sri Lanka will shortly be replicated nationwide. At the request of the Minister of Fisheries and Aquatic Resources Development, Dr. Rajitha Senaratne, RFLP is providing support to formulate a policy framework for the National Fisheries Federation (NFF) to implement the RFLP 'Fish Finance' strategy throughout Sri Lanka.
- Establishment of a computerised management information system was undertaken for four MFIs which worked with RFLP. It is expected that the system will help them to increase their client outreach, to diversify their businesses and to ensure higher degree of accountability and transparency enhancing their credibility and the confidence of outside partner organizations.

8. Recommendations

The following series of recommendations are based upon RFLP's experiences implementing micro-finance actions in Sri Lanka.

- **The need for non-fishery based business training for fisher women** - Location specific and needs based training programmes for fisher women should be organized and conducted to enhance awareness and technical know-how enabling them to start income generating employment ventures in non-fishery related businesses.

- **Detail study on micro-finance in the fisheries sector in Sri Lanka** - The gap in information and credit flow to the fisheries sector is wide. Data relating to micro-finance services in the sector is largely unavailable. The only data that is presently available and in the public domain is country data on micro-finance and its outreach. The micro-finance gateway and micro-finance information exchange websites are useful in this context, but as indicated, fisheries sectoral data is not captured in these databases. Considering the large information gap on micro-finance in the sector, a detailed study should be conducted by agencies like FAO/UNDP to assess the role of micro-finance in Sri Lanka by conducting appropriately designed field surveys.
- **Portfolio diversification** - To ensure the viability of small-scale fisheries, financial investment and portfolio diversification should be encouraged. It is recommended that FCS / Cooperative Department constitute a working group to ensure that appropriate guidelines are framed to prevent lending by any financial institution in support of unsustainable fishery practices.
- **Interest grant** - The issue of a level playing field also concerns private versus public sector banks. The interest grant by the central government must be made available for fisheries on par with agriculture.
- **Continued training and capacity building for fishery MFIs** - Action should take place to further strengthen governance, transparency, financial management and systems in fisheries cooperative societies and ensure/enable autonomy for their operation.
- **Introduce Credit Life Insurance to other districts** - Fishing communities are vulnerable to epidemics because of their living conditions. There is a huge opportunity for DFAR and Cooperative Dept. to introduce credit life insurance to other districts or fisheries cooperative societies.
- **Creating savings culture, products and mechanisms** - There is a need to inculcate financial discipline among fishers and to save voluntarily. There is genuine need to change attitudes of small-scale fishers towards savings. Fisheries cooperative societies should facilitate this process with the Cooperative Department and DFAR.
- **Enabling livelihoods financing for women through larger loans/individual lending** - There is a great window of opportunity for MFIs to get into “livelihoods financing”, in partnership with bankers/ wholesale lenders and other(s) through public-private partnerships. MFIs could play an important role through livelihoods financing with a single product or a combination of several products, tailored to the needs of low-income women: (i) Warehouse receipt financing; (ii) Cash flow based financing; and (iii) Other innovative products including leasing.
- **Client education** - In order to promote financial inclusion of fishers presently outside the fold of formal credit, it is necessary to educate the beneficiaries on matters relating to financial discipline by mounting financial literacy campaigns through specialized NGOs and such efforts need to be supported.

- **Support to replicate RFLP Sri Lanka micro-finance model** - Government and donors should initiate pilot activities to test the replicability of the RFLP micro-finance model, new methodologies and new products like micro-insurance, alternative savings products, technology based delivery systems (MIS), special loan products for fishers and fisher community members like flexible versus fixed repayment, individual lending models, cash flow based financing etc.
- **Working through partners** - Working through partners is one of the best ways to improve micro-finance accessibility for small-scale fishers. RFLP was not a 'direct implementer' for the provision of micro-finance services and focused on developing partnership models to increase accessibility to micro-finance services for small-scale fishers with fisheries cooperative societies and rural fisher organizations under the Department of Cooperatives and the Ministry of Fisheries and Aquatic Resources and commercial banks/ MFIs.
- **Insufficient time to improve micro-finance accessibility** - Due to various reasons only two and half years were available to implement RFLP's micro-finance accessibility programme. At least five years will be required to show viable impacts of introducing the micro-finance programme among the fishing communities.
- **Capacity building** - It is strongly recommended that capacity building is undertaken before improving access to micro-finance and adequate finances should be allocated accordingly.
- **Selection of existing MFIs** - In fixed short-term development projects there is insufficient time to form and develop new micro-finance institutions. Hence it was necessary to work with existing but carefully selected, effective institutions to achieve positive impact when piloting new activities. Therefore, selection of micro-finance institutions that are currently operating with micro-financial organizations is highly recommended.