

"I am committed to the SANASA movement, and I am impressed by their commitment"

"SANASA has shown that all that is required to develop the country is to develop the village and village communities... They have also shown that rural development is not based on giving hand-outs. Real rural development is building a strong rural economy"

Dr Wickrama Weerasooriya, Former senior civil servant,
Insurance Ombudsman

"SANASA reacted immediately to the Tsunami Crisis. It was working on the ground 2 days after the wave struck. Few other organisations in the region reacted so fast"

Dr Robby Tulus, Special Envoy – Post Tsunami Cooperative Reconstruction, International Cooperative Alliance

"We are ready to support SANASA in a range of different areas, as we trust SANASA to be able to deliver effective support where it is needed most"

Frank Bakx, Rabobank Foundation

"SANASA has proven that it is more than a set of initiatives. It is an institution, firmly based in the community, able to support the community's broad needs"

Ingrid Fischer, Canadian Cooperative Association

SANASA, the largest non-governmental, community based organisation in Sri Lanka, has reacted rapidly to the need for post-Tsunami reconstruction.

It has already reconstructed houses, rebuilt communities, and provided finance to rebuild enterprises. At the heart of this effort is a commitment to cooperative values and the long-term reconstruction of sustainable, self-reliant communities.

This leaflet gives an overview of SANASA's existing and planned operations in post-Tsunami reconstruction as at June 2005.

Part of the community, impacted by the Tsunami

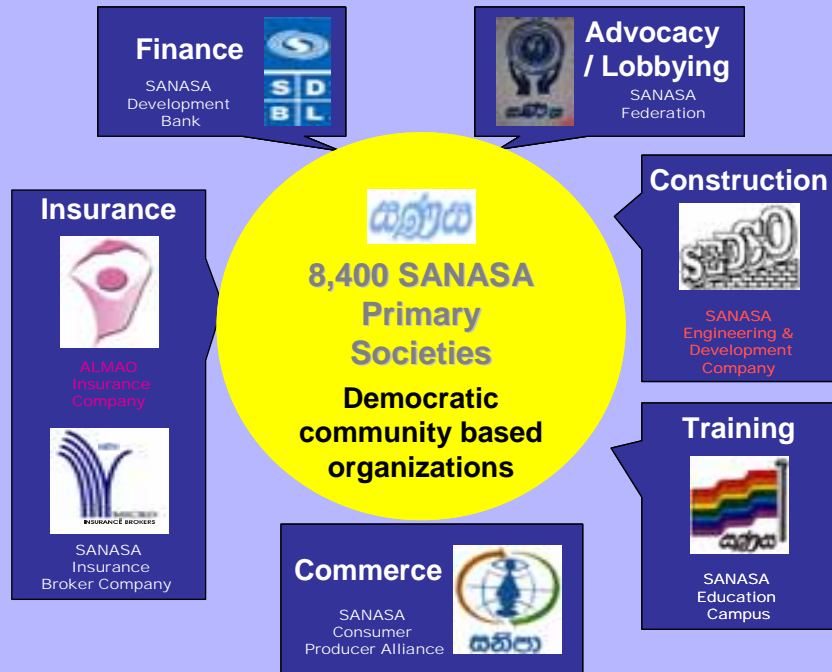
At the heart of SANASA is a network of 8,400 registered savings and credit co-operatives located in rural communities throughout Sri Lanka. With a membership of 850,000 families, supporting approximately 3.2m people, these co-operative societies are an integral part of the village community. Founded 100 years ago, they have proven their resilience and long-term sustainability. SANASA is a fully indigenous, truly community-based organisation.

380 of the villages and communities worst impacted by the Tsunami had active SANASA societies. Approximately 70,000 SANASA members were impacted. Since the Tsunami struck, SANASA has been helping these communities rebuild their houses, restart enterprises, revive their communities. SANASA has applied a proven model of community mobilisation to create rebuild sustainable livelihoods.

SANASA has also needed to support its own societies. 145 SANASA societies had their buildings completely destroyed. An additional 205 were partially damaged. Staff were killed, records lost. SANASA has rebuilt societies, recreated records, trained replacement staff, developed new micro-finance products.

In its reconstruction, SANASA is thinking of the future. It is determined to ensure the newly rebuilt movement is stronger, more efficient than before the Tsunami.

Overview of SANASA Movement



At the heart of SANASA is a network of 8,400 democratic, autonomous, village based savings and credit co-operatives or 'Primary Societies', located throughout Sri Lanka – including the North and North East.

The network of societies owns commercial enterprises that provide services to all cooperatives in the island and link them to the international community. These include the SANASA Development Bank (SDB), an education campus, an engineering firm (SEDCO), an insurance company (ALMAO), a consumer and producer alliance.

The SANASA Federation, the apex of the movement, lobbies and provides advocacy for the movement.

Among these, SDB, the Federation, the training Campus and SEDCO are most involved in the Post Tsunami revival program.

SANASA's immediate response

As a community based organisation, SANASA's first concern following the Tsunami was with its members.

2 days after the Tsunami, SANASA leaders and staff were working in the impacted areas. Largely from own funds, they provided

- More than 200 lorries of dry rations, clothes, medicine and other emergency needs across the country
- Burial for 650 dead bodies in the Southern province
- 5 'work-camps' to coordinate rehabilitation and renovation activities with the help of 100 volunteers
- Shelter units to disaster victims
- Social support for affected children, provision of school equipment

SANASA then turned to the task of longer-term rehabilitation. It first conducted a rapid survey of disaster-affected areas using 90 field officers. The survey determined the extent of the damage to the movement and communities. As a result, SANASA developed a sustainable rehabilitation plan, identifying steps required to rebuild sustainable, self-reliant communities in Tsunami effected areas.

Figure 1.: Shelter units provided by SANASA



Scale of the disaster

- 37,362 dead or missing
- 16,832 injured
- 551,894 displaced people...
- ... 287,192 of whom currently in welfare centers
- 192,920 impacted families
- 89,800 completely destroyed houses
- 41,780 partially destroyed houses

A program of rehabilitation

SANASA has identified 4 priority areas for the long-term reconstruction of the Tsunami impacted areas

1. Housing reconstruction

- Repairing houses
- Constructing new houses

The first need of communities in Tsunami impacted areas is shelter. 131,580 houses were fully or partially destroyed by the Tsunami. As a result, half a million people were displaced. Most of these are still living in welfare centres or with relatives. No long-term rehabilitation can be undertaken until these people are returned to a stable and secure home.

SANASA has developed a system of rebuilding that is efficient and fair, using on its network of community-based organisations.

Funds for reconstruction are provided to SANASA primary societies. These primary societies identify 10 priority families and manage reconstruction. Families, which have taken in orphans, or where the wife or husband has been killed, may be priority. Both SANASA members and non-members are eligible for support.

SANASA provides construction material that is not available locally. It also provides technical advice, through SEDCO, its engineering and development company. The local community provides labour.

Figure 2.: Design of new housing, produced by SEDCO



**Perspective View
Basic House**

Use of a community-based organization for reconstruction is both low-cost and effective. Local labour is often supplied free of charge. Local bricks and tiles are used, increasing local income earning opportunities. Knowledge of the local community ensures highest priority needs are met first and avoids multiple funding to the same families.

SANASA has undertaken to rebuild or rebuild or repair 10 houses in each of these 380 societies in Tsunami impacted areas, providing shelter to 3,800 households or approximately 15,000 people. This will require funding of €700,000. More houses could be built with more funding.

Figure 3.: Children in SANASA Humanitarian program



2. Humanitarian and community support programs

- **Counseling**
- **Life skills development programs**
- **Empowerment programs for vulnerable groups**
- **Health programs, mobile clinics**
- **Cultural events, religious activities**
- **Establishing children's libraries and clubs**
- **Environmental programs**

Communities have been torn apart by the Tsunami. Whole villages have been displaced, community structures disrupted. Rebuilding long-term self-reliant communities will require these social structures to be rebuilt, in a way that promotes mutual support, fair access and social sustainability. SANASA, as a village-level community based organisation, following cooperative principles, is uniquely able to support the resuscitation of community life.

The impact upon individuals of loss of family, home and livelihoods is chronic and potentially severe. Already there are examples of severe depression, resignation and increased use of alcohol. The suicide rate has rapidly increased.

The Tsunami has created a large number of orphans, widows, youth-headed households. Old people have lost their social network, young people have lost their support.

SANASA has already undertaken a number of activities to repair damaged communities and lives. It has particularly focused on children, many of whom were orphaned by the Tsunami. It has also provided trauma counselling and life-skills training.

In future, the main needs will be to build people's ability to deal with their new situation. Counselling will continue. Life-skills training will need to be long-term, for example providing support to orphans, youths and men who are now heading a family, widows.

Social activities also need to be developed to build community solidarity. SANASA has already supported religious festivals, local celebrations, children's events. These will continue, with Primary Societies maintaining their traditional role as community leaders.

3. Institutional strengthening of SANASA / Primary Societies

- Reconstruction and rehabilitation of Primary Societies
- Development of new Societies
- Loan pool for on-lending
- Primary Society leadership training and institutional development

SANASA provides comprehensive banking and insurance services to rural communities throughout Sri Lanka. Primary Societies gather deposits from members and provide loans, for income support, business development, housing improvement, etc. Primary Societies have €40 outstanding deposits, and €21m loans. Loan repayment rates are typically ... SANASA provides banking and micro-finance services to 850,000 families.

The SANASA Development Bank (SDB) has been created to support the financial development of Primary Societies. SDB takes excess liquidity from Primary Societies, and provides loans to societies with large lending portfolios.

As an established and trusted financial institution based in the rural community, SANASA is well placed to provide reconstruction loans to the Tsunami affected areas. Its operations can be efficiently scaled up to provide a strong credit channel. Yet SANASA has also been affected by the Tsunami.

145 village based Primary Societies were totally destroyed. 205 were damaged, with loss of premises, equipment, and cash. Records were destroyed, including records of current deposits and loans. A number of staff and elected leaders were killed.

SANASA reacted quickly to rebuild these societies, to ensure the continuity of the movement, both physically and institutionally. Plans are underway to rebuild the societies. A program of reconstruction of records has begun. Intensive training and development programs for new staff and elected members is already in place.

Many members with outstanding loans had all their possessions, livelihood and assets washed away by the Tsunami. Typically,

members have tried all they can to continue their repayment schedule. However some situations are so difficult that it is not possible to repay. The increased level of non-performing loans is likely to place some societies in very difficult circumstances.



Figure 4.: Manager of a partially destroyed SANASA Primary Society

There is a great need for replacement of assets, from exiting members, dormant societies and non-members. Some existing societies are already facing calls for loans beyond their liquidity and capital adequacy limits – they have needy customers willing to borrow, but they do not have the money to lend. Other societies that had previously been inactive have re-grouped; new members are spending their few savings for membership fees, in the hope that they will be able to take out a loan. In some areas new societies are developing, with members hoping to take out loans soon to replace assets.

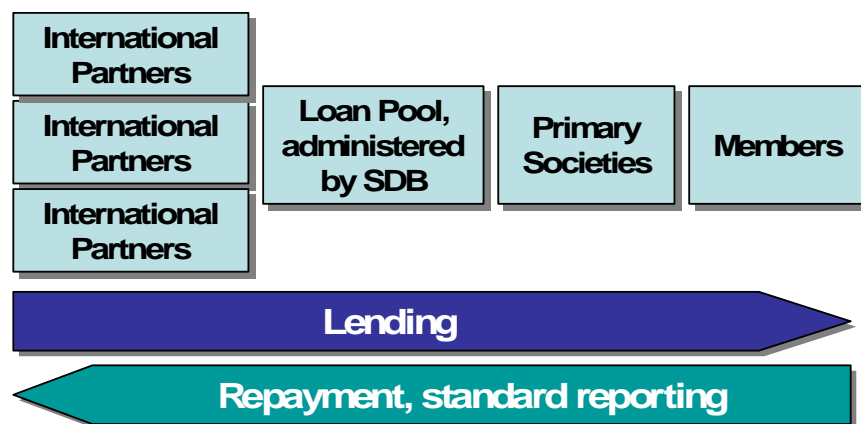
For example, in Kadweediya? in Galle district, a previously inactive society has re-formed with support from SANASA institutional development officers. Members have used emergency government

funds to pay membership fees and soon members will be eligible for loans. Many members, who are almost exclusively women, have lost all of their assets. But they do have skills to run micro-enterprises such as market stalls or small shops. They want to get back to their businesses as soon as possible.

These societies are going to face a considerable challenge. They do not currently have sufficient funds to lend. They need to borrow external money so they can on-lend to their members.

SDB is able to provide on-lending services to primary societies, at attractive rates, but it first needs to raise sufficient borrowing and capital. SDB is setting up a 'loan pool' for on-lending to Primary Societies, being designed by the Canadian Cooperative Association and Rabobank. The loan pool will be financed by external partners.

Figure 5.: Loan pool concept



To handle the increased demand for loans and to redevelop societies, an aggressive and comprehensive institutional strengthening program is needed for Primary Society leaders and managers. This program will develop management's professionalism and efficiency. It will also ensure primary societies retain their traditional strong credit discipline – if repayment rates for new loans slip, strong Primary Societies may be undermined.

Benefits of SANASA Movement

- Established, community based organization, with over 380 existing village level societies in Tsunami affected areas, and capability to develop many more
- Track record of delivering micro-credit with strong financial discipline. 850,000 members, outstanding loans of €21m
- Long-term sustainable organization – movement is 100 years old
- Established in the North and East. One of few NGOs working continuously in North and East for the past 20 years
- Supported by national and local government, while retaining separate from political influence – a genuine people's movement
- Providing a comprehensive rehabilitation program – covering relief, financial needs, reconstruction, entrepreneurship development, insurance, etc.
- Existing treasury capacity to manage and report on external funding. Experience of donor fund management
- Supported by SDB – a commercially licensed development bank, SEDCO – a professional engineering services firm, the SANASA Training Campus – a training and human resource development facility, ALMAO – risk mitigation

Institutional development also needs to take place at Head Office, to develop lending products for the new situation, develop disaster recovery systems. This program of institutional development will ensure SANASA remains a sustainable, dependable and effective financial institution.

Figure 6.: SANASA Work Camp



Figure 7.: SANASA Work Camp

Using work-camps allows SANASA to maintain control of the program across a wide area. It promotes the use of proper financial procedures, ensures priority needs are addressed and provides a focus for training.

SANASA plans to create work-camps in all 41 of the impacted District Secretariats. There is a particular need to develop camps in the East of the country, where the destruction was worst. SANASA has identified a low-cost solution to establishing camps, using existing trained resource from the Federation and SDB, and support from local volunteer workers.

2. National level institutional development

In order to manage the greatly increased volume of loans, considerable training needs and reporting requirements of

international partners, greatly increased institutional support is required at the National level. This institutional development includes additional staff for coordination and establishment of camps, training for staff, development of banking products and administrative systems, reporting.

Partner interaction

SANASA is committed to an open and frank communication with its partners. It strongly believes in transparency, mutual respect and building long-term partnerships.

One simple manifestation of this is the regular reporting of all contributions and support to SANASA's post-Tsunami relief program, posted on the Web at www.sdb.com under 'social responsibility'.

SANSASA has also convened a Consortium of International Partners, comprising components of the SANASA movement and current / potential future partners. This Consortium met in Colombo on May 19th-21st 2005, to determine how international partners can best interface with SANASA's post-Tsunami programs. The Consortium will meet again in future to ensure continued coordination of the program.

Consortium of SANASA's International Partners

- Asian Confederation of Credit Unions
- Canadian Cooperative Association
- Canadian International Development Association
- Desjardins Bank, Canada
- Ethimos Microfinanza Nei Sud Del Mondo / Banca Etica
- GTZ
- International Cooperative Alliance
- Rabobank Foundation, Netherlands
- Royal Norwegian Development Fund

- SANASA Development Bank
- SANASA Federation
- SANASA Training Campus
- SEDCO
- Trickle-up, USA
- TUC, Singapore
- World Council of Cooperative Credit Unions

Principles of SANASA's interaction with Partners

- Support long-term cooperative development
 - Follow cooperative principles
 - Maintain financial discipline and self-reliance
 - Plan long-term impacts to the whole movement
- Be led by local needs
 - SANASA to define program and coordinate inputs
 - Partners to contribute according to individual strengths
 - Long-term impact, building self-reliance
- Build institutional capacity
 - Plan for the future
 - Fund institutional development, both at head-office and local level
 - Build efficiency and effectiveness of the whole movement
- Use 'Win-win' institutional arrangements
 - Simple, complete reporting
 - Regular and transparent communication
- Be coordinated
 - Initially focus on a single geographic area, expand to other areas once funding is available
 - Create a common focus to work towards
 - Avoid overlaps, have clear areas of responsibility
 - Hold regular meetings to ensure coordination

Long-term, sustainable growth

SANASA is concerned to ensure the long-term development and growth of the cooperative movement in Sri Lanka, to bring sustainable, self-reliant development.

The overall sustainability of the SANASA system is strong. SANASA primary societies have already been operating for over 100 years. They are not dependent upon any outside support for their continued existence, they are fully supported by the local community and they have the flexibility to adapt to changing situations.

The movement can, however, be strengthened by the lessons learnt from the work in Tsunami impacted areas. New banking products will be applied to other areas; new administrative systems including data back-up and disaster recovery systems will be developed; the movement will be strengthened in the previous conflict areas of the East and Northeast. This will support the development of the movement as a whole.

The 'work-camps' will sit at the heart of this development. They will be developed into 'business centers', supporting long-term cooperative development and economic sustainability in their local region.

Contact details

For further information about SANASA's programs in post-Tsunami reconstruction, please contact:

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