
What, How and Who Fill the Gap of Microfinance Sector in Northern Province in Sri Lanka

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Abstract

This paper investigates the potential gap of microfinance [MF] sector in Northern Province (NP) of Sri Lanka. The study compares the MF landscape in the Province based on MF performance of Southern Province, using data and information gathered through two research studies conducted by Asian Development Bank (ADB) and AusAID. It has been expected that armed conflict results that not only have many people been displaced from their traditional family but they are denied access to their traditional livelihood also. Large proportion of the displaced people comprise of the farmers, fishermen, agricultural labour and self-employed in small enterprises. Alongside the finishing of armed conflict technically, there may be a higher demand for microfinance in the area related to production of agriculture, farming, fishing, trade-craft, and construction throughout the Northern Province. As it has been expected, a considerable gap of microfinance outreach is observed in the NP compared with the MF performance of Southern Province where economy was working in normal situation in the last few decades. Among actors in the field, the cooperative sector is the largest MF practitioner group in the Northern region. The formalized Microfinance Institutions (MFIs) such as Specialised Development Banks, Licensed Commercial Banks or government managed microfinance institutions can be hardly seen in the region. The study therefore, suggests that the entry of the national level specialized MFIs including the government into the MF market is necessary for regaining the livelihood of the resettled population of the Northern region.

Introduction

The armed conflict prevailed over a period of more than 25 years since 1983 in the Northern and Eastern Provinces in Sri Lanka came to an end technically with the Liberation Tigers for Tamil Eelam (LTTE) was defeated by the Sri Lankan armed forces in mid 2009. Alongside the victory, however, the government of Sri Lanka has faced a serious challenge that never experienced century's history in the

country. The challenge is that the adoption of an appropriate development approach for recovering the livelihood of people in the conflict affected areas. Obviously, the armed conflict has resulted that not only have many people been displaced from their traditional families but they are denied access to their traditional livelihood also. The conflict has resulted in an increase of the widowed women population and in diminishes the youth labour force in the Province. Furthermore, the war has badly affected the entire social network, which facilitates the small-scale producers to seek production inputs to their business and market place to sell their final production. Before the armed conflict, Jaffna town (principle city of the Province) was the second biggest economic centre in the country after Colombo. The peninsula is well known for its strong industrial drive, business acumen and high standard of educational attainment. The peninsula is also famed for the impressive thrift of its people, its strong savings base relative to other parts of the country and the strength and organization of its cooperative sector. Since advent of the armed conflict, every one living in Jaffna has been displaced (many on several occasions) during the armed conflict (Durrant et al, 2004). The post conflict environment in the region demands a specific policy package which for local economic recovery. Two rehabilitation programmes: *Nagenahira Navodaya* (reawakening the East) for Eastern Province (Central Bank of Sri Lanka, 2007) and *Uthuru Wasanthaya*¹ (Spring to North) for Northern Province has already been introduced by the government of Sri Lanka for recovering the local economies in the provinces (Central Bank of Sri Lanka, 2008). The implementation mechanism of these programmes however, displays the characteristic that mostly related to the traditional trickle down development approach, as these programmes are largely skew for rehabilitating the economic infrastructure that damaged because of the conflict worked between protagonists. Generally, the traditional trickle down development approach has been criticised for its failure in it directly benefiting the fringes of the society. With this situation, an adoption of trickling up development approach is timely necessity for uplifting the livelihood of poorer segment of the society including small-scale producers, women and youth.

The role of MF in conflict-affected environments is a topic of increasing interest and concern among donors and practitioners. In empirical literature, MF experience in, Angola, Colombia, Libya, Sierra Leone and Uganda are the predominant examples for successfully using MF as a tool for rebuilding the local economy in the conflict affected areas (Douma, 2003). With this background, the objective of this study is to explore the applicability of MF in recovering the local economy of Northern Province in Sri Lanka and to analyse the potential gap of MF sector in the Province.

¹ Central Bank of Sri Lanka, 2008. P25

After the introductory part, rest of the paper has been designed as follows: Section II explains methodology of the study; Section III describes the prevalent conditions in the Northern Province. The development the concept of MF is briefed in Section IV. Section V analyses the potential gaps in MF sector in the Province and finally, section VI presents the cross cutting lessons from the study and draws some conclusions.

Methodology

In the absence of baseline data on MF performance in Northern Province before the conflict is one of critical limitation in identifying the possible gaps of MF in the Province. The Comparison Group (or Control Group) method² is use to avoid data limitation and achieve the objectives of the study stated above. In this methodology, NP is known as observed (Studied) Province. We select the Southern Province (SP) in Sri Lanka as Comparison Province in our methodology. Let Y_1 be the outcome that would result if the population receives micro-credit (Population of SP) and Y_0 the outcome that would result if the same population does not receive micro-credit (Population of NP). Then the average treatment effect (Potential gaps in MF in our study) is $E(Y_1 - Y_0)$. Selection bias of the Comparison Province is the common issue evolving with this methodology. It is believed that selection bias of the Comparison Province (Southern Province) may be insignificant as most of behavioural factors are identical in both of the Provinces under study. Some similarities of the behavioural factors such as social, economic, political and historical, except the provision of MF, inherited by both provinces can be summarized as follow:

- i. Both provinces have a certain regional disparities at all level of resource availability, living standard and development opportunities between different districts within the Province. For example, level of development in SP is diminishing from Wet climatic zone in the West to Dried climatic zone in the East. Like wise, level of development in the NP is regularly diminishing from Jaffna peninsula in the North to hinterland in the south and dry climatic zone in the Northwest.

² In Hulme (2000) words: impact assessments assess the difference in the values of key variables between the outcomes on “agents” (individuals, enterprises, Households or populations etc.) which have experienced an intervention against the values of those variables that would occurred had there been no intervention, pp, 79-98

- ii. Availability of natural resources in both of the Provinces is identical as both land and aquatic resources are abundant in the Provinces. In location for example, both the provinces bound with a long costal line at least by two directives.
- iii. A majority of land areas in both provinces lies in the dried climatic zones.
- iv. Both provinces are predominantly rural with 80 percent people living in villages.
- v. A lack of production and development opportunities for a high percentage of young and educated people who are waiting in the labour force is common for both provinces.
- vi. The absence of well developed urban centers to provide minimum facilities to the people living in the hinterland of such centers is another similarity between the Provinces.
- vii. In historical perspective, both provinces were ruled by the different foreign empires from time to time in eternal period.
- viii. Politically, local rulers as separated administrative units more often ruled both provinces under study in ancient time (*Ruhunu Rata* and *Yapapatuna*).
- ix. Both provinces have different specific social groups in terms of language and religion. For example, more than 95% people in SP are Sinhala Buddhist while more than 70% people in NP are Tamil Hindus (Department of Census and Statistics 2008).

We take these similarities prevailed in two cases of Provinces into account as counterfactual factors in our methodology. The MF has been considered as observed factor. Each province considerably differs in MF as: the direct result of conflict environment of the Northern Province and normal situation of Southern province. As reported by the NMSS survey (2002), Southern Province rank top in other Provinces in the country in term of MF performance. With this background, selection bias of comparison province is not evolved in respect of Southern Province. We compare the MF sector in Northern Province with that of Southern Province using three MF outreach indicators in analyzing the possible gaps of MF in Northern Province. These are the geographical outreach, breadth of outreach and services outreach.

Data used in this study are collected from two Surveyed Reports in Sri Lanka. First is the 'National Microfinance Study of Sri Lanka: Survey of Practice and Policies' conducted by Grant and et al (2002) with co-sponsored by Australian Agency for International Development (AusAID) and Deutsche Gesellschaft fur Technishe Zusammenarchit (GTZ). Second is the 'Developing Microfinance in the North and East of Sri Lanka: A Study conducted by the Durant and et al (2004) for the Rural Banking Innovative Project (RBIP) of People's Bank of Sri Lanka in

collaboration with GTZ, Swedish International Development Agency (SIDA) and Ministry of Finance of Government of Sri Lanka.

The Northern-Province

Northern-Province (NP) known as "*Yapapatuna*"³ lies in northern part of Sri Lanka (or located just South of India), is one of historically important Province of nine administrative Provinces in the country⁴. The Province is the peninsular in shape and edged by coastal shore at all directions except South. The southern part of the province has bounded by three provinces: Northwest Province, North-central Province and Eastern Province. The Province comprises with five administrative districts namely, Jaffna, Kilinochchi, Mannar, Mullaitivu and Vavuniya while the Jaffna is the capital city in the Province. The Province has a tropical climate and occupies an area of 8,884 sq.km excluding inland waters, whereas the land is for 1.1 million people to live. By 51.2% of population of the province are female. As regards socio-demography pattern of the society, religious composition indicates that 64.7% of total population in the Province is Hindus, 18.6% is Roman-Catholics, by 10.3% is Islamic and only 5.4% is Buddhism.

As of end 2002, by 6.3 % of labour force is unemployed. Despite of the continued internal war between government forces and LTTE, Prosperity Index for the Province⁵ has estimated as 43 .7 in 2008.

What is Microfinance?

Microfinance is the most important innovation in the field of 'Financial Development and Economic Growth' during the last Century. It has been widely accepted as an effective instrument of sustained economic growth through rural development and poverty reduction by promoting investment in small enterprises both rural as well as urban areas. Currently the concept used as an effective

³ History of the '*Yalpana*' (Northern Region) as a separate administrative unit goes back to the date of King *Prakramabahu* ii (AD1236-1270), with the settlement of '*Yapapatuna*' by an invader named *Chandrabhanu* from South India. (Silva, K. M. de, 2005) p. 123.

⁴ Under the reforms of 1833, whole country was divided into 5 provinces as Central, East, North, South and West. In order to strengthen the regional administration new four provinces were demarcated as Northwestern Province in 1848, North Central Province in 1873, Uva in 1886 and Sambaragamuwa in 1889.

⁵ Prosperity Index for the Provinces : Central,52.9 , Eastern, 44.2, Northern, 43.6, North Central, 48.4Sambaragamuwa, 48.2, Southern, 51.5, Uva, 47.8, Wayamba, 49.4, Western ,66.1. Island, 52.7. Central Bank of Sri Lanka, 2008.

development approach for achieving Millennium Development Goals (MDGs).⁶ The first initiator of micro-credit programme, Yunus (1999) refers the microfinance (MF) as “providing the credit to poor people with collateral substitutes” or “freeing of credit from the bondage of collateral”. The Asian Development Bank (2000) has defined the microfinance as “the provision of a broad range of financial services including deposits, loans, payments services and insurance to poor and low income households in and to their micro-enterprises. Microfinance services are provided by three types of sources: (a) formal institutions, such as rural banks and cooperatives; (b) semiformal institutions such as non-government organizations; and (c) informal sources such as money lenders and shopkeepers. Institutional microfinance is defined to include microfinance services provided by both formal and semiformal institutions. Microfinance institutions are defined as institutions whose major business is the provision of microfinance services”.

Asian Development Bank who is the best researcher of MF in the world believes that the provision of efficient MF services (savings, credit and insurance with other training programmes if necessary) for the segment of the population that has little or no access to financial services is important because:

- MF can be a critical element of an effective poverty reduction strategy. Improved access and the efficient provision of MF services enable the poor to smooth their consumption, managed risk better, build their assets gradually, developed their micro-enterprises, enhance their income earning capacity and enjoy and improved quality of life.
- MF services can also contribute to the improvement of resource allocation, promotion of markets, and adoption of better technology, thus MF helps to promote economic growth and development.
- Development of MF institutions may help in salvaging the poor people from informal money lenders who charge usurious interest rate monopolistically determined in the market.
- MF can provide an effective way to assist and empower poor women.
- MF can contribute to the development of overall financial system through the integration of financial markets.

⁶ Millennium Development Goals (MDGs) include; Reducing Poverty, Primary education for children, Reducing infant mortality rate, Improve maternity Health, Combat HIV/AIDS, Ensuring environment and international cooperation for development.

With these facts, it is believed that MF (as a ‘credit plus’ or trickling up development approach) is the best way to rebuild the local economy that seriously damaged as a result of war.

Analysis

This section compares the landscape of MF sector in NP with that of the current situation of MF sector in the SP in order to identify the potential gap of MF services that have to be filled by the policy makers in the Northern Province. Three outreach indicators are used for comparing the performance of MF sectors in the province. These are the geographical outreach, breadth of outreach and services outreach. Geographical outreach refers to the geographical coverage of MF. The index, named ‘Point of MF Services Density’ (number of point of services per 1 000 people) is used to estimate the geographical coverage of MF. The term breadth of outreach or Clientele outreach refers to the number of customers served by the MFIs. It is measured by using two proxies namely, Number of Savings Accounts per 1 000 people and Number of Active Loans Accounts per 1 000 people. Likewise, Services or Products outreach is measured using two indexes of Volume of savings per 1 000 people and Amount of Loans granted per 1 000 people. Then we compare the MF sector in Northern Province with that of MF sector in Southern Province using indicators stated above in order to identify the gap of MF services between two Provinces under study.

Table 1: Estimated Gap of Microfinance in Northern Province relative to Southern Province (Source: Appendix Tables 01 and 02)

<i>Indicator</i>	<i>Nouthern Province</i>	<i>Jaffna</i>	<i>Kilinochchi</i>	<i>Mannar</i>	<i>Mulaitivu</i>	<i>Vavuniya</i>
No of Point of Services	429	218	65	41	72	33
No of Savings	390,664	152,462	56,151	45,463	66,164	70,424
Volume of Savings Rs. Million	1,485	668	102	191	255	270
No of Loan	151,267	82,656	19,013	11,627	19,504	18,467
Amount of Loans Rs. Million	1,178	667	135	81	157	138

Geographical Outreach

In absolute term, there were 1 472 points of MF services in the SP while the 285 point of services were in the NP as at end of 2004 (appendix 01). In district wise, 163 units of services were recorded in Jaffna, followed by Vavuniya district with point of services of 56, Kilinochchai with 26, Mannar with 22 and Mulaitivu with 18 point of MF services. Figure 01 depicts the performance of Microfinance in both the Provinces of Northern Province and Southern Province in terms of geographical coverage by district wise. First successive four bars in the figure 1 indicates the geographical coverage of MF in Southern Province in terms of Pont of services per 1 000 people while the next six bars indicate the same information for Northern Province. As seen in the figure 01, geographical coverage of MF in NP is considerably lower with compare to the geographical coverage of MF in SP. Number of point of services of MF per 1 000 people in SP is 0.65 while the index in NP is 0.26. Then the Point of Services density index in NP is 150% lower than the Point of Services density index in SP. This key finding does suggest that a gap of 429 new MF points of services has to be initiated in NP at an attempt in balancing the MF performance in two provinces under study in term of geographical coverage of MF.

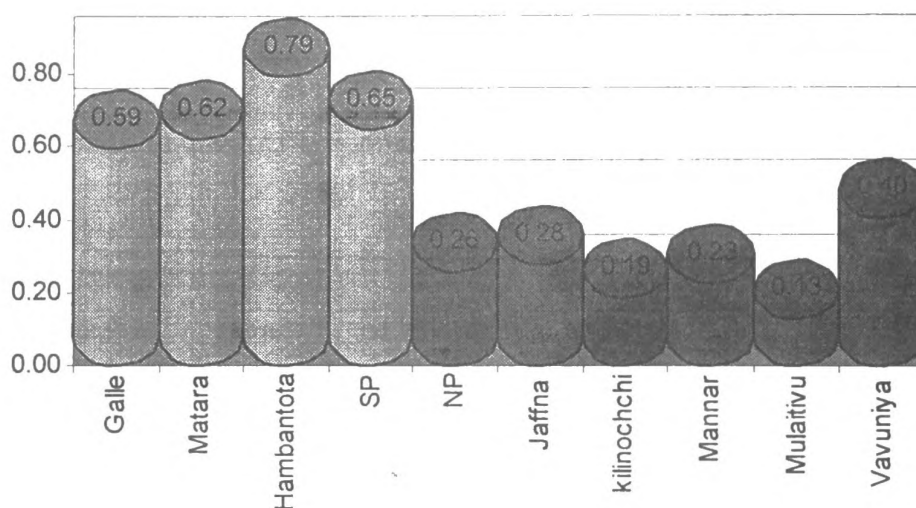


Figure 1: No of Point of Services in MF Per 1000 people in Southern and Nothern Provinves (Source: Appendix Table 2)

Figure 1 illustrates further that massive disparity of geographical coverage of MF within the NP than that of SP. For example, point of services index in NP varies between 0.40 point of services per 1,000 persons in Vavuniya district and 0.13 in Mulaitivu. As a whole, these findings together with data in Table 1 suggest that the MF practitioners in NP should initiate of 218 new MF points of services in

Jaffna district; 65 point of services in Kilinochchi District; 41 point of services in Mannar; 72 units of services in Mulaitivu district and 33 point of services in Vavuniya to meet the average geographical coverage of MF sector in Southern Province.

Breadth of Outreach

Breadth of outreach of MF measures the number of clients served by the MF institutions. We use two indicators to measure the breadth of outreach of MF in NP. These are the number of depositors (Savings Accounts) and number of borrowers (loan accounts) served by the existing MF institutions in the Province. In absolute terms, sum of 1,371,510 savings accounts were held by the MFIs in SP as at the end of 2004, but 274,603 savings accounts were by the MF sector in NP. Jaffna is the highest savings accounts recorded district with 202,467 accounts, followed by Kilinochchi with 28,213 accounts, Mulaitivu with 17,597 accounts, Vavuniya with 13,337 and Mannar with 12,989 savings accounts (Appendix Table 01).

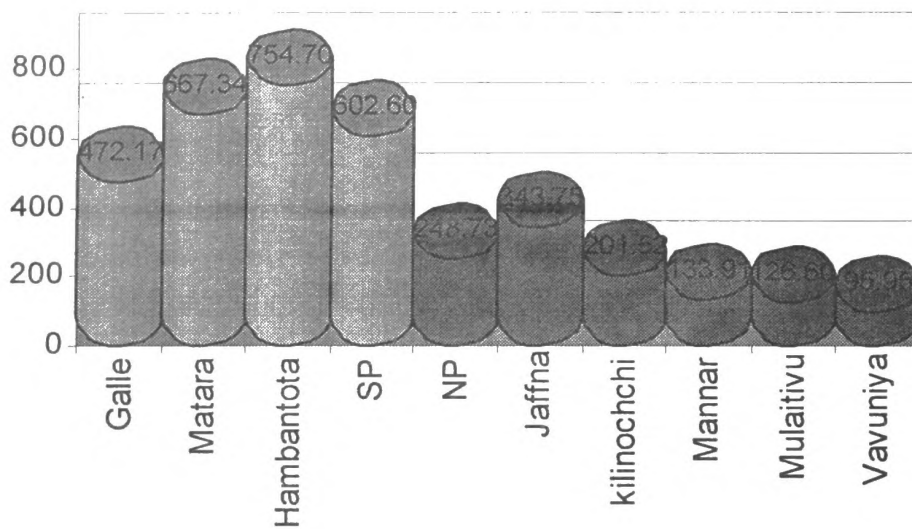


Figure 2: No of Savings Accounts Per 1000 people in Southern and Northern Provinces (Source: Appendix Table 2)

Figure 2 shows the comparative data with regards breadth of outreach of microfinance in Northern Province against to Southern Province in terms of number of savings accounts per 1,000 people. We use two indicators: number of savings accounts and number of loan accounts in measuring the breadth of outreach of MF sector in NP relative to the sector in SP. As shown in Figure 2, number of depositors of MF sector in NP is remarkably lower with compared the Number of depositors of MF in SP. Number of savings accounts of MF per 1,000 people in SP

is 602. In contrast, number of savings accounts held by MF sector in NP is 248. In parallel to the geographical coverage, savings accounts outreach index in NP is also 143% lower than that of savings accounts outreach of MF index in SP. This means that number of savings accounts of MF sector in NP are to be increased by nearly a 150% in achieving the MF performance of SP in term of number of depositors of MF sector. In other words, total of 390,664 new savings accounts have to be created by the MF actors of NP in reaching the microfinance performance in SP in terms of breadth (clientele) of outreach of MF (Table 1).

It is evident from the figure 2 that a massive inter-district disparity of breadth of outreach has observed in the NP with compared to SP from the perspective of number of savings accounts. For example, the index, which measured a number of savings accounts per 1,000 people has ranged between 344 accounts in Jaffna district and 96 accounts in Vavuniya district.

It does suggest that existing and new MF institutions in the NP should target to be created new savings accounts of 152,462 in Jaffna district, 56,151 new savings accounts in Kilinochchi District, 45,463 new savings accounts in Mannar, 66,164 savings accounts in Mulaitivu district and 70,424 accounts in Vavuniya in relative to the average MF performance in Southern Province in term of number of savings accounts (Table 1).

Breadth of Outreach

Number of active loans is the alternative indicator of measuring the breadth of outreach of MF services. Data collected by the NMSS study indicates that total of 360,721 active loans have been made by all MFIs responding to the survey in 2002 in SP. Meanwhile, the RIBP survey on MF sector in North and East reported only 23,704 loans for NP. As much as half of these active loans (10,694) reported in Jaffna district while the balance are accounted in Mannar with 3,746 accounts, in Vavuniya with 3,563, in Kilinochchi with 3,175 loans accounts and in Mulaitivu with 2,526 (Appendix Table 1). On average, 21.5 Loan accounts per 1000 people were operated by existing MFIs in NP in 2004 (Figure 3). In contrast, as seen in figure 3, on average of 158.5 loan accounts per 1,000 people have been operated by all MFIs in SP in during the same period. This means that MF performance in NP is weak by more than five fold as compared with the MF performance in SP from the perspective of active borrowers. Overall, the estimated data suggest that a total number of 151,267 loans have to be issued by existing or potential MFIs in NP for meeting the normal situation of MF sector in SP. In filling this gap, a total number of 82,656 loans shall be issued through the potential MFIs in Jaffna, 19,013 loans in Kilinochchi, 11,627 loans in Mannar, 19,504 loans through the MFIs in Mulaitivu,

18,467 in Vavuniya as compared with the average MF loan amount disbursed in Southern Province.

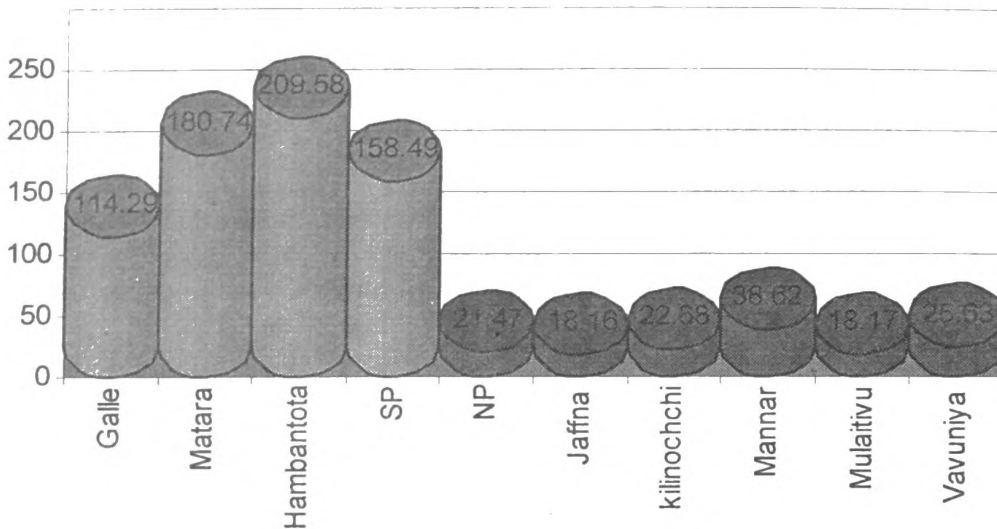


Figure 3: No of Loans Per 1000 people in Southern and Northern Provinces (Source: Appendix 2)

Product (Services) Outreach

Usually, product outreach of MF services can be measured using two interrelated indicators. These are the total volume of savings mobilized and total amount of loan disbursed by all the MFIs operated in a given region. Figure 04 depicts the district wise classification of total volume of savings mobilized by the MF sectors in NP and SP. Data collected by the NMSS study indicate that total of SLR 4,659 million volumes of savings were mobilized by all MFIs responding to the survey in 2002 in SP. Meanwhile, the RIBP survey on MF sector in North and East reported only SLR 775 million volumes of savings by MF sector in NP as at the end of 2004. It is more than six fold reduction as compared with the SP (Appendix Table 1). In district-wise consideration, MF sector in Jaffna district has mobilized the highest volume of savings valued SLR 538 million, followed by Killinochchi with SLR 185 million, Mulaitivu with SLR 30 million, Vavuniya with SLR 14 million and Mannar is the lowest only with SLR 8 million volume of savings.

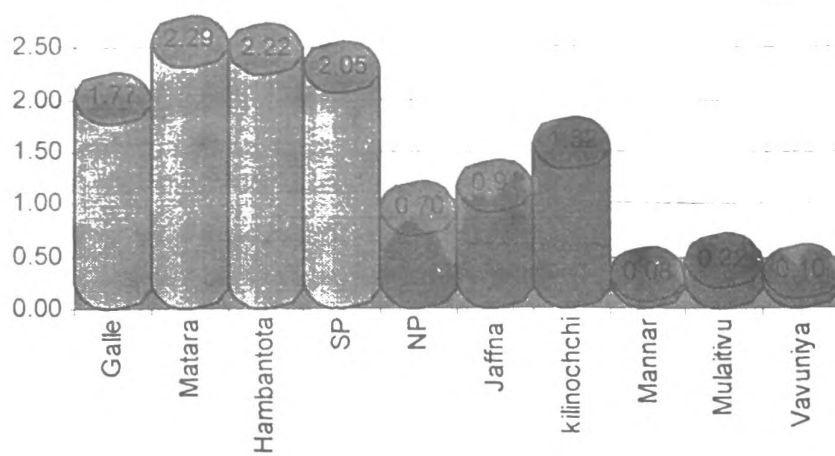


Figure 4: Volume of Savings Per 1000 people in Southern and Northern Provinces (Rs. Million) (Source: Appendix 2)

As seen in Figure 4, savings outreach of MF sector in NP also reveals a weak record as compared with that the performance of SP. Overall for example, volume of savings per 1,000 people in NP is 193 percent lower with compared the volume of savings per 1,000 people in SP. There is also a massive disparity in savings mobilization of MF sector in the NP. At the district level, Killinochchi has mobilized the highest (SLR 1.32 million per 1,000 people) proportion of savings followed by Jaffna that has mobilized SLR 0.91 million per 1,000 people. Meanwhile, lowest mobilization of savings was recorded by Mannar having SLRs 0.08 million per 1,000 people. With these facts, from the policy making point of view, MF practitioners have to fill a gap of SLR 1,485 million savings through the MF sector in Northern Province at meeting the MF savings level of SP. To reach this target together with removing the existing disparities of MF sector in the province policy makers have to be mobilized the savings volume as SLR 668 million in Jaffna district, SLR 102 million in Killinochchi district, SLR 191 million in Mannar district, SLR 255 million in Mulaitivu district and SLR 271 million in Vavuniya District (Appendix Table 1).

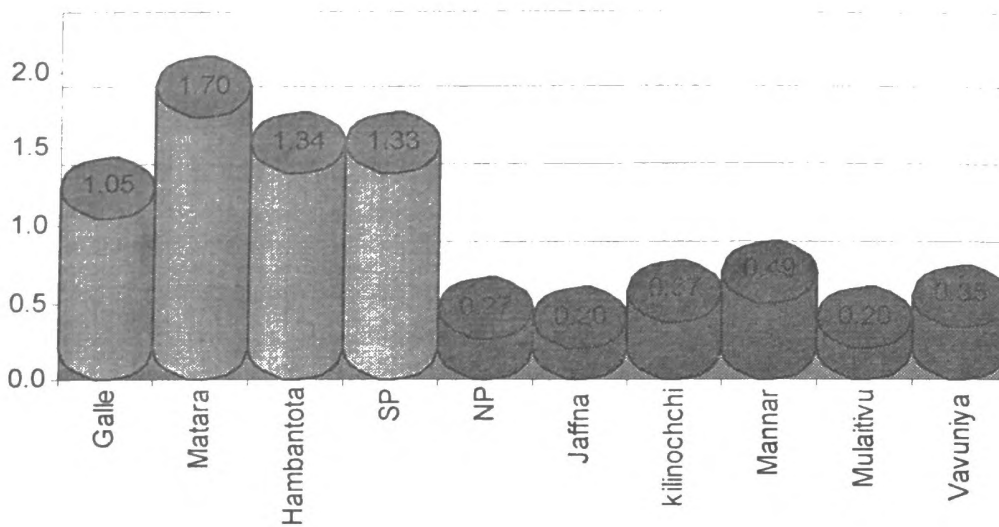


Figure 5: Amount of Loan Per 1000 people in Southern and Northern Provinces
(Source: Appendix Table 02)

As it is evident from Figure 5, total loans outstanding by MF sector in NP also reveal a weak record as compared with that of loans outstanding by the MF sector of SP. On average for example, amount of loan issued per 1,000 people by the MF sector in NP is SLR 0.27 million. In contrast, amount of loan issued per 1,000 people by MF sector in SP is SLR 1.33million. Then the gap of MF loans in NP is 393 percent lower as compared with the amount of MF loan per 1,000 people in SP. At the district level, in despite of its lower record of saving mobilization, MF practitioners in Mannar district have collectively provided highest proportion of loans (SLR 0.49 million per 1,000 people), followed by Kilinochchi district that has issued SLR 0.37 million per 1,000 people. Meanwhile, lower level of loans was recorded in Jaffna and Killinochchi districts, providing SLR 0.20 million per 1,000 people. With theses facts, in policymaking point of view, MF practitioners have to fill a gap of SLR 1,178 million amounts of loans through the MF sector in Northern Province at an attempt of equalizing the average loans level of SP. To reach this target together by removing the existing disparities of MF sector in the province, the policy makers should increase the volume of loans in the Province as SLR 667 million in Jaffna district, SLR 135 million in Kilinochchi district, SLR 81 million in Mannar district, SLR 157 million in Mulaitivu district and SLR 138 million in Vavuniya District.

Who may fill the gap?

Actors in microfinance sector in Sri Lanka can be divided into five broad categories as cooperatives; governments managed institutions, semi-government Institutions, licensed commercial banks and non-government institutions. Table 2 shows the contribution of these institutions to MF sector of NP with relative to SP in terms of mobilization of savings.

Table 02: Actors and Their Strengthen in Microfinance Sector in Nouthern and Southern Province (Source: Appendix Table 03)

<i>MF actor</i>	<i>Southern Province</i>	<i>Nouthern Province</i>	<i>Jaffna</i>	<i>Kilinochchi</i>	<i>Mannar</i>	<i>Mulaitivu</i>	<i>Vavuniya</i>
<i>Sub total</i>	48.3	97.5	97.9	100.0	100.0	100.0	44.5
Cooperatives							
MPCs	-	76.7	79.1	86.5	44.3	16.9	0.7
TCCSs	7.8	5.9	6.9	0.3	6.3	15.0	24.1
Other	-	14.9	11.8	13.3	49.4	68.1	19.7
Coop							
CRB	40.5	-	-	-	-	-	-
RDB	42.2	-	-	-	-	-	-
Government	5.7	0.7	-	-	-	-	40.1
CBs	-	-	-	-	-	-	-
NGOs	3.9	1.8	2.1	-	-	-	15.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 2 supports the conclusions given below:

- i) The cooperative sector is the largest MF practitioner group in both Provinces. Within cooperatives, multipurpose consumers' societies (MPCSs) are predominant in NP, but cooperative rural banks are the majority in SP.
- ii) Presence and their strength of the different cooperative movements vary considerably between districts in NP. For example, MPCSSs are most active in two districts: Jaffna and Killinochchi while the TCCSSs are most active in Jaffna, Mulaitivu and Vavuniya
- iii) There are no the Regional Development Banks established in the region (NP).
- iv) Presence of the government is considerably less in the region (NP).

- v) National level specialized MFIs and Licensed Commercial Banks that traditionally provide high quality microfinance services in the rest of the country have not been established in the NP.

Conclusion

Potential demand for MF and enterprise development services is highest in Northern Province. However, the present level of access to financial services is insufficient to promote the successful economic recovery of the region. The absence of mid-term funding opportunities and government plan or project those focused exclusively on the creation of effective frameworks of financial services provision and increase access to MF are the significant constraints to the economic recovery and development of the Province. The study therefore, suggests that the entry of the national level specialized MFIs including the government into the MF market is necessary for regaining the livelihood of the resettled population of the Northern region.

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Appendix Table 1: Microfinance Outreach of Northern and Southern Provinces (2002)

<i>Region</i>	<i>No of Unit</i>	<i>No. of Savings Accounts</i>	<i>Volume of Savings Rs Million</i>	<i>No of loans</i>	<i>Amount of Loans Rs Million</i>	<i>Popu. 000'</i>
Galle	586	467448	1749	113152	1041	990
Matara	472	507846	1743	137541	1249	761
Hambantota	414	396216	1167	110028	702	525
Sp	1472	1371510	4659	360721	3037	2276
NP	285	274603	775	23704	295	1104
Jaffna	163	202467	538	10694	119	589
Kilinochchai	26	28213	185	3175	52	140
Mannar	22	12989	8	3746	48	97
Mulaitivu	18	17597	30	2526	28	139
Vavuniya	56	13337	14	3563	48	139

Source: Gant and et al 2002. Durrant and et al. 2004

Appendix Table 2: Microfinance Outreach of Northern and Southern Provinces 2002 (Per 1000 people)

<i>Region</i>	<i>No of Unit</i>	<i>No. of Savings Accounts</i>	<i>Volume of Savings Rs Million</i>	<i>No of loans</i>	<i>Amount of Loans Rs Million</i>
Galle	0.59	472.2	1.77	114.3	1.05
Matara	0.62	667.3	2.29	180.7	1.7
Hambantota	0.79	754.7	22.2	209.58	1.34
Sp	0.65	602.6	2.05	158.49	1.33
NP	0.26	248.7	0.7	21.47	0.27
Jaffna	0.28	343.8	0.91	18.16	0.2
Kilinochchai	0.19	201.5	1.32	22.68	0.37
Mannar	0.23	133.9	0.08	38.62	0.49
Mulaitivu	0.13	126.6	0.22	18.17	0.2
Vavuniya	0.4	96	0.1	25.63	0.35

Source: Appendix Table 01

Appendix Table 3: Practitioners of Microfinance in Northern and Southern Province (2002)

<i>Actor</i>	<i>Southern Province</i>	<i>Nouthern Province</i>	<i>Jaffna</i>	<i>Kilinochchi</i>	<i>Mannar</i>	<i>Mulaitivu</i>	<i>Vavuniya</i>
Cooperatives	2248.4	756.3	526.9	185.3	7.9	30.1	6.1
MPCs/RDB	1964.1	594.8	425.9	160.2	3.5	5.1	0.1

TCCSs	361.8	46	37.2	0.5	0.5	4.5	3.3
Other Coop/CRB	1886.6	115.5	63.8	24.6	3.9	20.5	2.7
Government	265.4	5.5	-	-	-	-	5.5
CBs	na	-	-	-	-	-	-
NGOs	181.2	13.6	11.5	-	-	-	2.1
Total	4659.1	775.4	538.4	185.3	7.9	30.1	13.7

Source: Gant and et al 2002. Durrant and et al. 2004