

Moving from Concept to Implementation

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- 20 million people
- average per capita income of US\$ 1030 in 2004
- country has made substantial gains in reaching several of the MDGs, including achievements in education, gender equality, and safe water and sanitation facilities.

- poverty reduction has been slow,
- with only a 3 percent reduction between 1991 and 2002
- increasing inequality between the poor and the rest of the population and between urban and rural areas

- There are also sectoral growth disparities
- Industry - 26 % GDP
- agriculture - 19 % GDP
- services - 55 % GDP

Microfinance Funders

- public donors
- international NGOs
- private investors are active in microfinance.

- Domestic funders include six ministries and at least two local private investors.
- International funders include more than 15 international NGOs, four multilateral agencies, eight bilateral agencies, and six international investors
- The five largest international funders for microfinance are ADB, JBIC, the World Bank, USAID, and BMZ, working through KfW and GTZ.

Recommendations for Funders Supporting Microfinance in Sri Lanka

MICRO LEVEL

- *Short term:*
- *Take stock and focus on immediate priorities*
- Assess the quantity and quality of financial services available by funding a comprehensive inventory
- Define minimum conditions for donor funding
- Determine the right balance between funds for capital (loan portfolio) and capacity building

MICRO LEVEL (Cont.)

- *Medium term:*
- *Manage funding based on performance*
- Focus support on existing promising institutions (not projects or credit components)
- Provide performance-based assistance in a transparent manner
- *Long term: Consolidate and scale up*
- Facilitate MFI consolidation and linkages
- Emphasize private institutions for credit delivery

MESO LEVEL

- *Short term:*
- *Capitalize on existing experience and infrastructure*
- Phase out interest rate ceilings
- Remove restrictive conditions of apex funding
- Analyze lessons learned from tsunami apex funding
- Identify and use existing technical service providers and training resources
- Organize technical assistance for key needs

MESO LEVEL (Cont.)

- *Medium term:*
- *Build domestic capacity*
- Increase funding for locally available capacity building
- Encourage (but do not take over) the development of a microfinance association
- Invest in technology (information systems, delivery technologies)
- Support audits and ratings for increased transparency of MFIs
- Explore commercial refinancing

MACRO LEVEL

- Encourage the creation of a financial sector task force housed in the Ministry of Finance and Planning
- Advocate for the liberalization of interest rates
- Streamline funding through recognized government entry point—Development Finance Department of the Ministry of Finance and Planning
- Review and help improve the legal, regulatory, and supervisory framework

FUNDERS' INTERNAL SYSTEMS

- Create a microfinance working group of all funders that could:
- establish a common vision and ground rules for microfinance
- provide information on new and existing programs
- increase transparency on donor performance
- share lessons learned about the impact of tsunami funding
- Increase staff technical capacity

- Define and act on comparative advantage—depending on their strength in the elements of aid
- effectiveness, funders could choose from:
- expanding their microfinance operations
- consolidating existing programs
- delegating to funding agencies with strong on-the-ground expertise
- withdrawing from microfinance and concentrating on other needed development areas

The Millennium Development Goals in Sri Lanka

MDG 1

- Target 2
- Indicator 4
- **Prevalence of underweight children under five years of age**
- **The national MDG target for 2015 is 18%**

- Prevalence of moderately and severe underweight among children under 5 years
- 37% in 1993 to 29.4% in 2000.
- Expected to drop to 11.6% by the year 2015.
- **The national MDG target for 2015 is 18%**

Trends of prevalence of underweight in children less than five years by sector

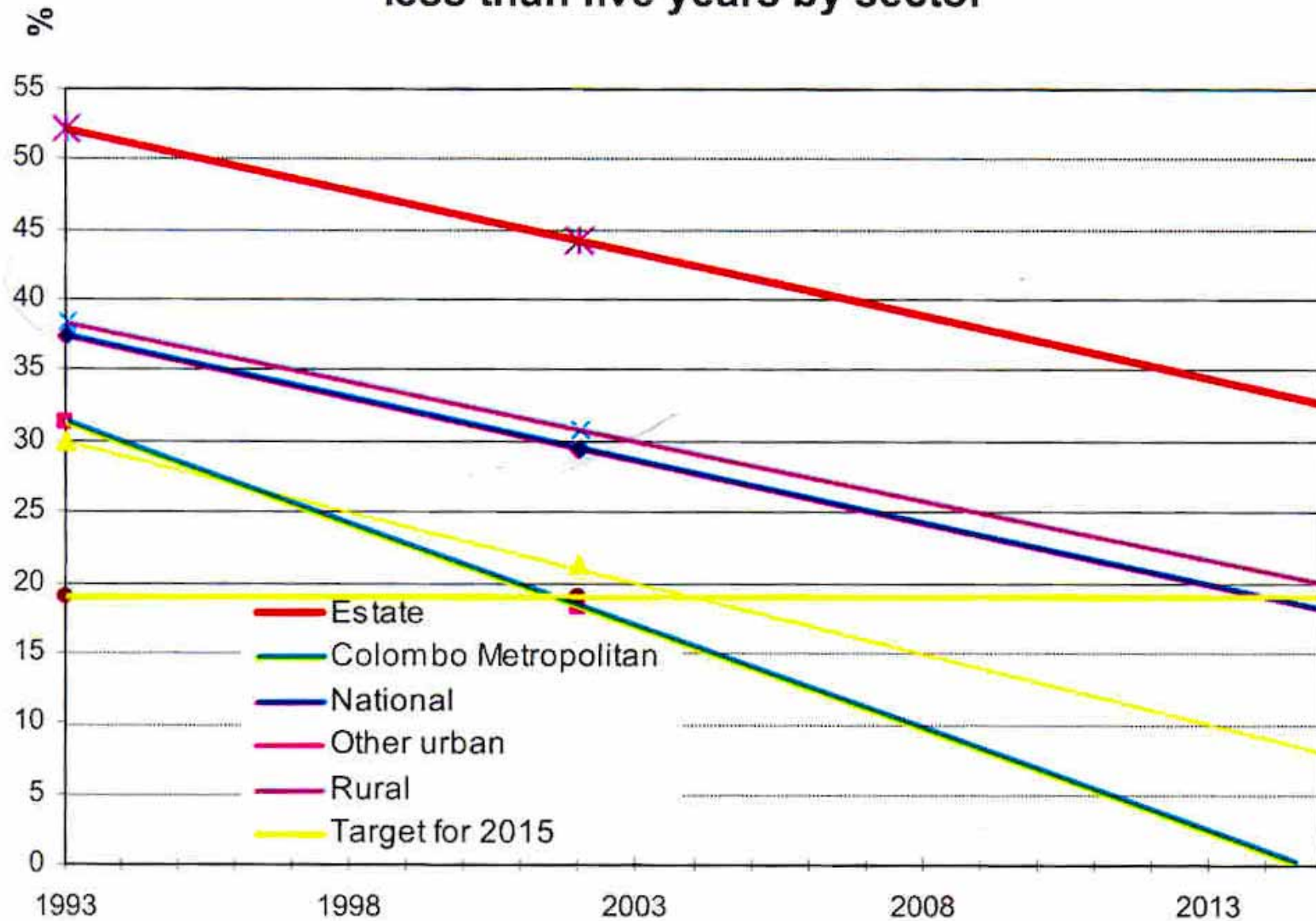


Table 1

Prevalence of underweight in children less than five years by sex, sector and zone

Sex/Sector/Zone	Year	
	1993	2000
Sri Lanka	37.7	29.4
Sex		
Male	34.8	29.0
Female	40.9	29.8
Sector		
Colombo metro	31.2	18.2
Other urban	29.9	21.3
Rural	38.3	30.8
Estate	52.1	44.1

Goal 4

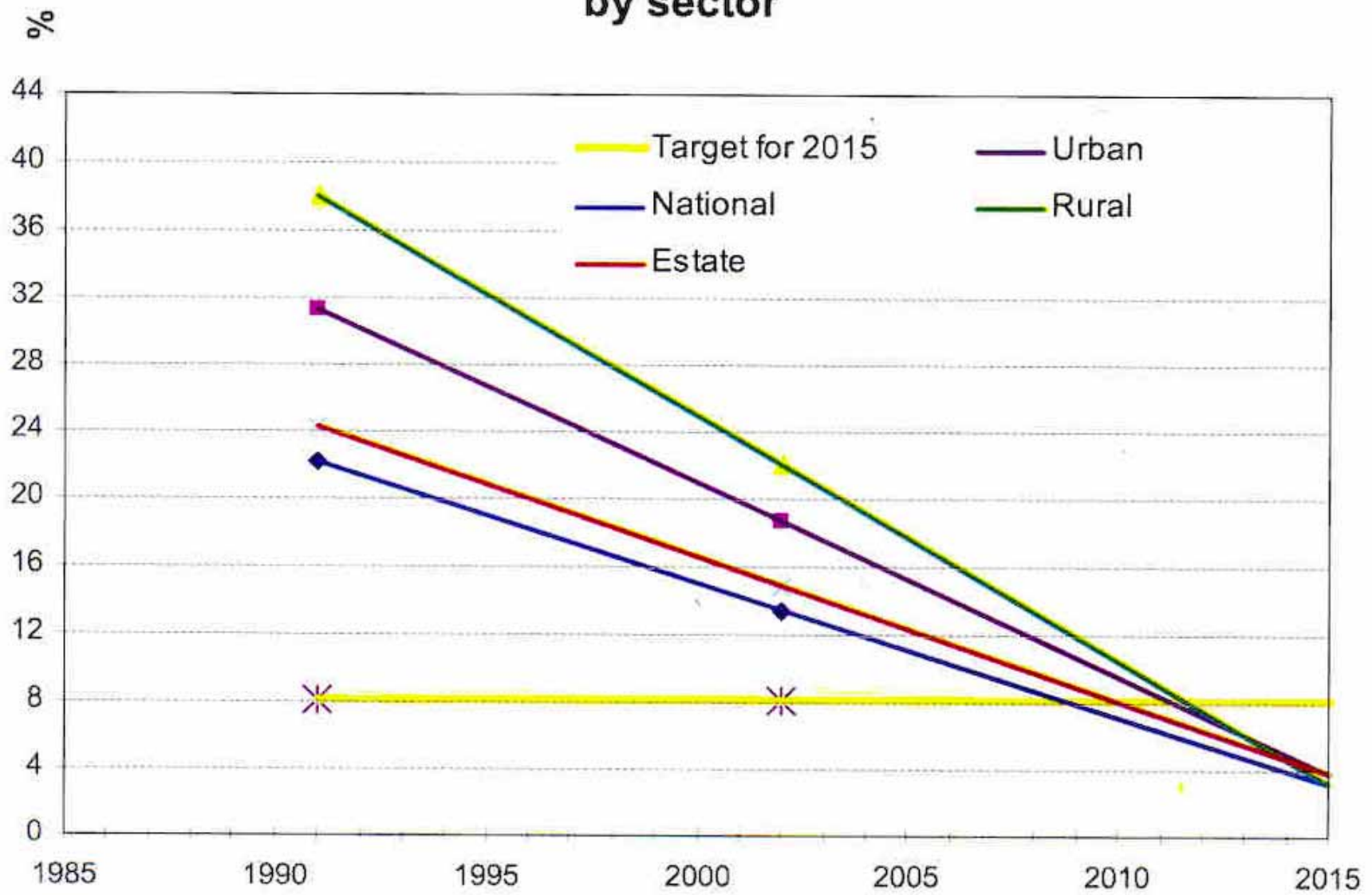
Target 5

- **Reduce by two thirds, between 1990 and 2015, the under five mortality rate**

Indicator 13

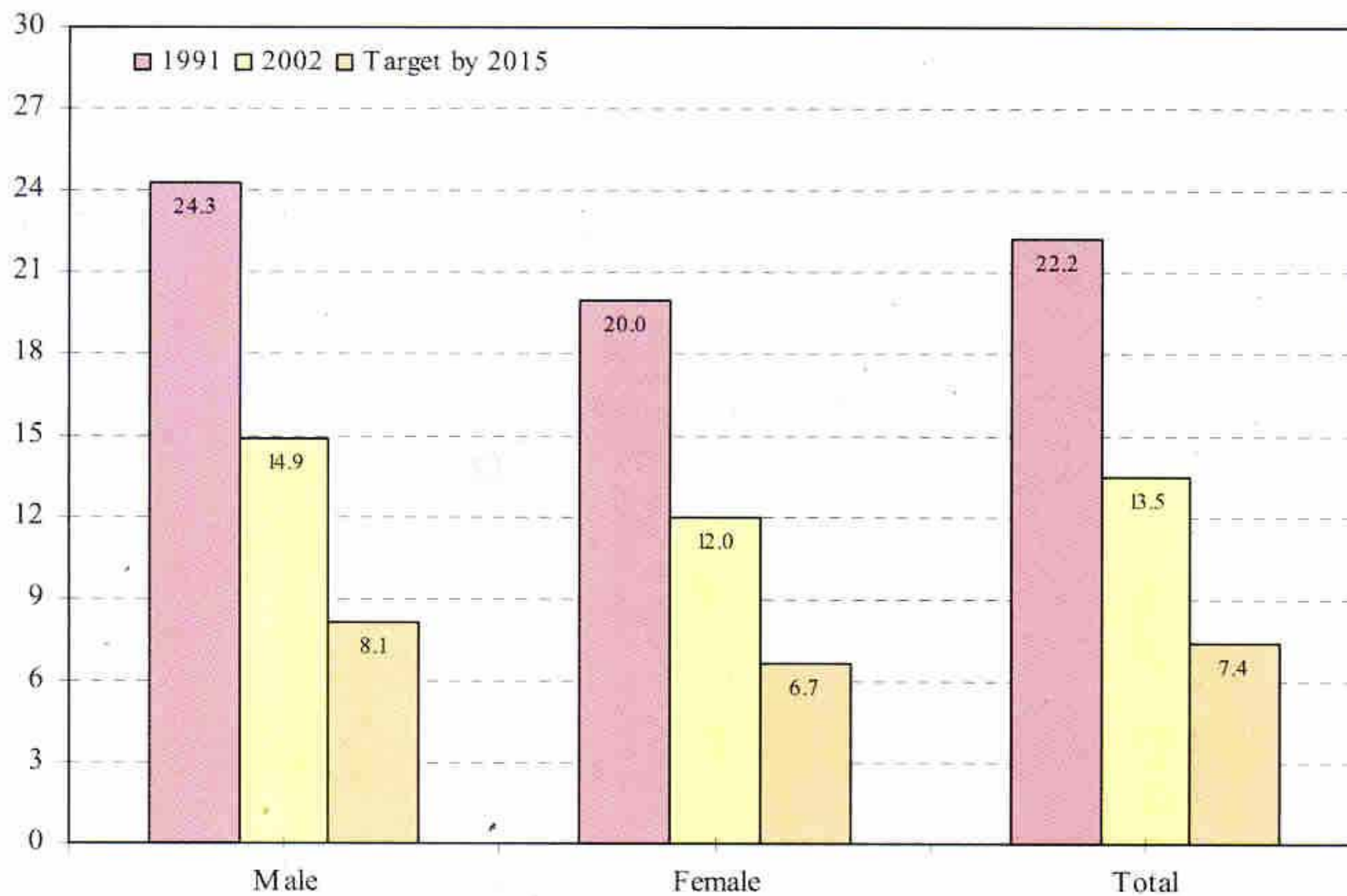
- **The under-five mortality rate must be reduced to 8 per 1000 live births**

Trends in child (under 5 years) mortality rate by sector

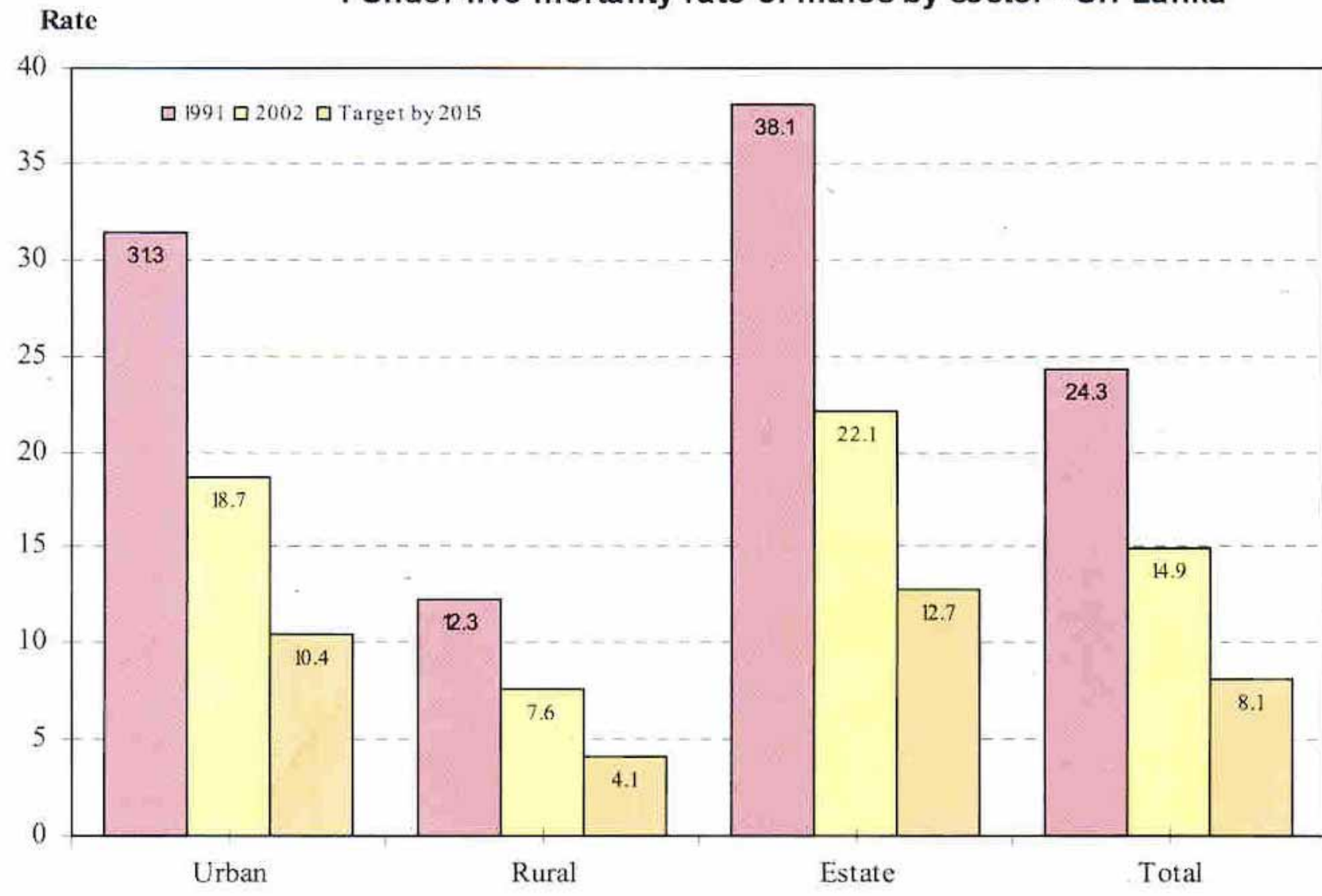


Rate

: Under-five mortality rate by sex - Sri Lanka

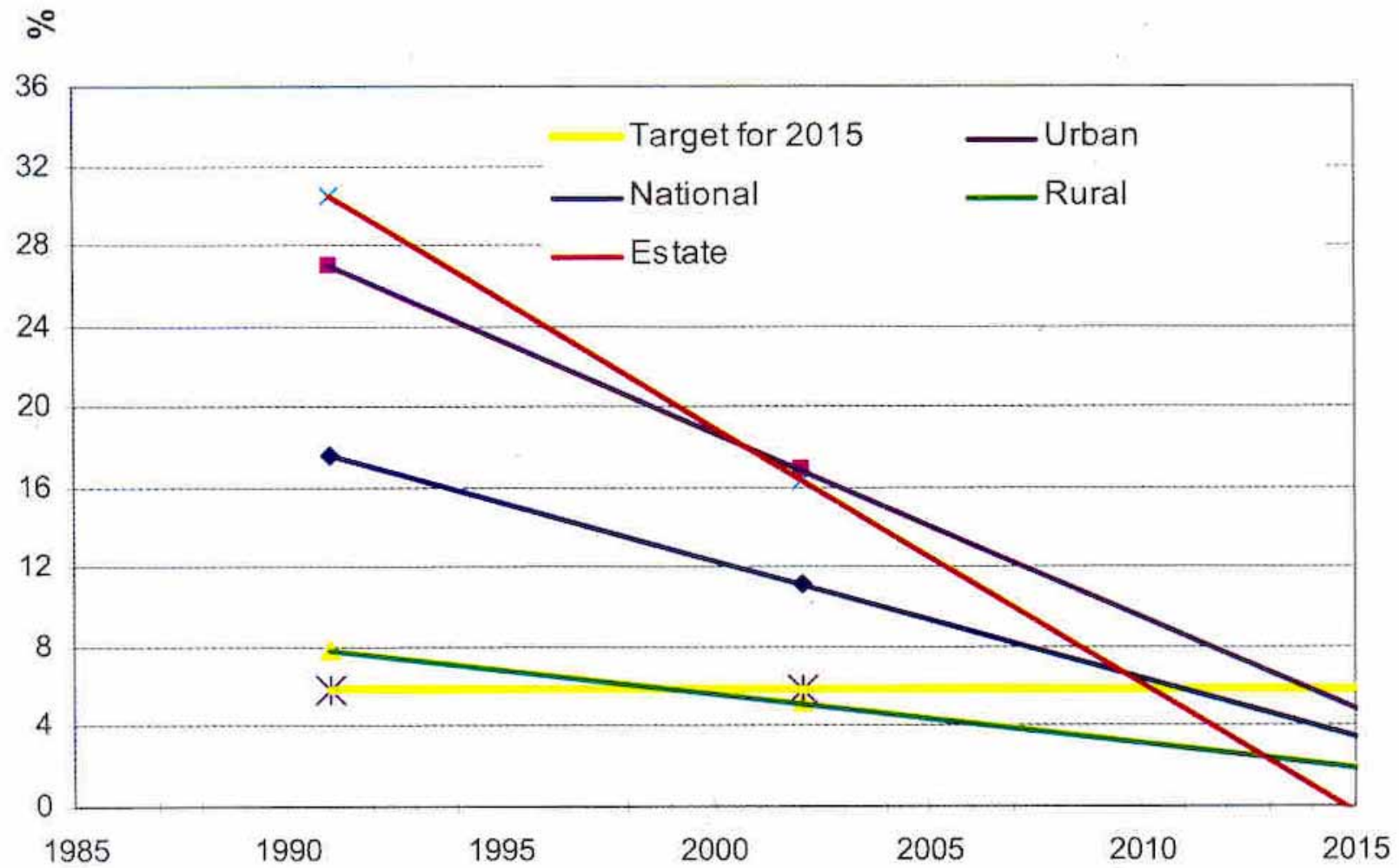


: Under-five mortality rate of males by sector - Sri Lanka



- Indicator 14
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- The infant mortality rate must be reduced to 5.9 per 1000 live births and

Trends in infant mortality rate by sector



- Indicator 15
- 99% of infants must be immunized against measles



Table 2 Proportion of 1-year- old children immunized against measles by sex and sector		
Sex/ Sector	Year	
	1993	2000
Sri Lanka	95.5	94.2
Sex		
Male		94.4
Female		94.1
Sector		
Colombo metro	94.4	91.2
Other urban	96.3	94.6
Rural	96.1	95.5
Estate	84.7	86.1

Source: Sri Lanka Demographic & Health Survey 1993,2000

MDG 5

- Improve Maternal Health
- Target:

Reduce by three quarters, between 1990 and 2015, the maternal mortality rate

- Indicator 16

Maternal mortality rate

- Indicator 17

**Proportion of births attended by skilled
health personnel**

Table 3

Proportion of births attended by skilled health personnel by sector

Sector	Year	
	1993	2000
Sri Lanka	94.1	96.0
Sector		
Colombo metro	99.0	98.9
Other urban	99.4	98.1
Rural	94.6	96.8
Estate	70.3	83.6

